$50
NEW NO.
(1)

ELIAS C. ALVORD (1942)
ELLSWORTH C. ALVORD (1964)

ROBERT W. ALVORD
ALBERT H. GREENE
CARL C. DAVIS*
CHARLES T. KAPPLER
JOHN H. DOYLE
MILTON C. GRACE*
GEORGE JOHN KETO**
RICHARD N. BAGENSTOS

* NOT A MEMBER OF D.C. BAR
**ALSO A MEMBER OF OHIO BAR

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CORPORATION NO. 13942 Filed 2425

FEB 7 1983 - 1 45 PM

INTERSTATE COMMERCE COMMISSION

February 7, 1983

3-938.150

No. FEB 7 1983

Date

Fee $ 50.00

ICC Washington, D. C.

Ms. Agatha L. Mergenovich
Secretary
Interstate Commerce Commission
Washington, D.C.

Dear Ms. Mergenovich:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. §11303 are the original and three counterparts of a Railroad Equipment Lease dated as of January 1, 1983, a "primary document" as that term is defined in 40 C.F.R. §1116.1(a).

A general description of the railroad rolling stock covered by the enclosed document is:

Three hundred sixty (360) 70-ton trailer-on-flatcars bearing identifying mark and numbers SP 900,131 through SP 900,490, both inclusive.

The names and addresses of the parties to the enclosed document are:

Lessor: California Group Services
P.O. Box 8012
1717 North California Boulevard
Walnut Creek, California 94596

Lessee: Greenbrier Leasing Corporation
P.O. Box 568
503 High Street
Oregon City, Oregon 97045

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FEE OPERATION BR.

Kindly return the stamped copies of the enclosed document not needed for your files to Charles T. Kappler, Esq., Alvord and Alvord, 918 Sixteenth Street, N.W., Washington, D.C. or the bearer hereof.

Very truly yours,

Also enclosed is a check in the amount of $50 payable to the order of the Interstate Commerce Commission covering the required recordation fee.

Very truly yours,

Charles T. Kappler

2 /7/83

Interstate Commerce Commission
Washington, D.C. 20423

OFFICE OF THE SECRETARY

Charles T. Kappler, Esq

Alvord & Alvord

918 16th Street,N.W.

Washington, D.C. 20006-2973

Dear **Sir:**

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act,49 U.S.C. 11303, on **2/7/83** at **1:45pm** , and assigned re-recordation number(s). **13942 & 13943**

Sincerely yours,

Agatha L. Mergenovich

Agatha L. Mergenovich
Secretary

Enclosure(s)

SE-30
(7/79)

13942
RECORDATION NO. Filed 1425
FEB 7 1983 - 1 45 PM
INTERSTATE COMMERCE COMMISSION

RAILROAD EQUIPMENT LEASE

Dated as of January 1, 1983,

Between

CALIFORNIA GROUP SERVICES
("Lessor")

and

GREENBRIER LEASING CORPORATION
("Lessee")

relating to

360 Reconditioned Railroad Cars

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ATTACHMENTS TO RAILROAD EQUIPMENT LEASE:

Exhibit A - Description of Cars

Exhibit B - Certificate of Acceptance

Exhibit C - Guarantee

Exhibit D - Parent Guarantee

Exhibit E - Description of Opinion of Counsel for Lessee and Contractor

Exhibit F - Description of Opinion of Counsel for Guarantor and Parent Guarantor

Exhibit G - Loss Values

Exhibit H - Termination Values

RAILROAD EQUIPMENT LEASE

THIS RAILROAD EQUIPMENT LEASE dated as of January 1, 1983, by and between CALIFORNIA GROUP SERVICES, a California corporation, as lessor ("Lessor"), and GREENBRIER LEASING CORPORATION, a Delaware corporation, as lessee (in such capacity , "Lessee").

W I T N E S S E T H :

WHEREAS, Lessor has entered into, or simultaneously herewith is entering into, a Purchase Agreement dated as of the date hereof (the "Purchase Agreement") with Lessee which provides for the purchase by Lessor from Lessee of 360 used multilevel railroad cars owned by Lessee (individually, a "Hulk" and collectively, the "Hulks"); and

WHEREAS, Lessor has entered into, or simultaneously herewith is entering into, a Reconditioning Agreement dated as of the date hereof (the "Reconditioning Agreement") with Greenbrier Leasing Corporation, as contractor (in such capacity, "Contractor") whereby Contractor has agreed to recondition and modify the Hulks purchased by Lessor for the account of Lessor, at the price, in accordance with the specifications, and upon the terms and conditions provided in the Reconditioning Agreement (the Hulks, as so reconditioned and modified and described in Exhibit A hereto, being hereinafter called individually, a "Car" and collectively, the "Cars"); and

WHEREAS, Lessor desires to lease the Cars to the Lessee, and Lessee desires to lease the Cars from Lessor, upon the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the covenants set forth herein and other good and valuable consideration, the receipt of which is hereby acknowledged, Lessor and Lessee agree as follows:

SECTION 1. DEFINITIONS.

The following terms shall have the following meanings for all purposes of this Lease, which meanings shall apply, unless the context otherwise requires, to both the singular and plural of such terms:

Additional Rent shall have the meaning set forth in Section 6 hereof.

Affiliate of any Person means a person controlling, controlled by, or under common control with, such person.

After-Tax Basis shall have the meaning set forth in Section 12 hereof.

Association of American Railroads means the trade association of railroad companies with principal offices at 1920 "L" Street, N.W., Washington, D.C. 20036.

Basic Rent shall have the meaning set forth in Section 5 hereof.

Benefits shall have the meaning set forth in Section 14 hereof.

Block or Block of Cars means those specific cars delivered to Lessee hereunder during a single calendar day.

California Depreciation Deductions shall have the meaning set forth in Section 14 hereof.

Car and Cars shall have the meanings set forth in the Recitals hereto.

Certificate of Acceptance means a Certificate of Acceptance, in substantially the form thereof attached hereto as Exhibit B.

Certificate of Completion means a Certificate of Completion, in substantially the form thereof attached as Exhibit D to the Reconditioning Agreement.

Claims shall have the meaning set forth in Section 12 hereof.

Closing Date means each date on which Lessor shall pay the Reconditioning Cost of any Car, designated by Lessee by giving at least five days' notice prior to such date (which notice may be telephonic, confirmed in writing) to Lessor and Lender.

Code means the Internal Revenue Code of 1954, as amended to the date of this Lease.

Commencement Date shall have the meaning set forth in Section 4 hereof.

Contractor shall have the meaning set forth in the Recitals hereto.

Daily Rent shall have the meaning set forth in Section 5 hereof.

Default Payment Provisions shall have the meaning set forth in Section 20(b) hereof.

Delivery Date means, with respect to any Car, the date in which such Car is accepted by Lessee hereunder.

Document Closing Date means the date on which the document closing contemplated by Section 3(b) hereof is held, as designated by Lessee by giving at least five days' notice prior to such date (which notice may be telephonic, confirmed in writing) to Lessor and Lender.

8A Termination Date shall have the meaning set forth in Section 8A hereof.

Enforcement Date shall have the meaning set forth in Section 21 hereof.

Event of Loss shall have the meaning set forth in Section 15 hereof.

Event of Default shall have the meaning set forth in Section 21 hereof.

Evergreen Term shall have the meaning set forth in Section 7 hereof.

Fair Market Value Opinion shall have the meaning set forth in Section 9 hereof.

Finance Agreement means the Finance and Security Agreement dated as of the date hereof between Lessor and Lender.

First Rent Payment shall have the meaning set forth in Section 5 hereof.

Guarantor means Schroder Leasing Corporation, a New York corporation, in its capacity as guarantor under the Guarantee.

Guarantee means the Guarantee Agreement dated as of the date hereof by and between Guarantor and Lessor, in substantially the form thereof attached hereto as Exhibit C.

Hulk and Hulks shall have the meanings set forth in the Recitals hereto.

Hulk Cost means, as to each Hulk, the amount paid by Lessor to the seller thereof pursuant to the Purchase Agreement for the purchase of such Hulk.

Interchange Rules means those interchange rules and procedures promulgated by the Association of American Railroads from time to time.

Interest Deductions shall have the meaning set forth in Section 14 hereof.

Investment Credit shall have the meaning set forth in Section 14 hereof.

Late Payment Rate shall have the meaning set forth in Section 5 hereof.

Law means any applicable provision of any constitution, statute, rule, ordinance, regulation, executive or administrative order or other rule of law of the United States or any state or any political subdivision of the United States or any state or any department, agency, or instrumentality of any of the foregoing.

Lease means this instrument (including the attachments, exhibits and schedules attached hereto) as modified, amended and supplemented from time to time.

Lender means Schroder Leasing Corporation, a New York corporation, in its capacity as lender under the Finance Agreement.

Lessee shall have the meaning set forth in the introductory paragraph hereof.

Lessee's Appraiser shall have the meaning set forth in Sections 7 and 9 hereof.

Lessor shall have the meaning set forth in the introductory paragraph hereof.

Lessor's Appraiser shall have the meaning set forth in Section 9 hereof.

Lessor's Cost means, as to each Car, the sum of (i) the Reconditioning Cost thereof and (ii) the Hulk Cost thereof.

Lessor's Liens shall have the meaning set forth in Section 19 hereof.

Lien means any mortgage, pledge, security interest, encumbrance, lien or charge of any kind, including, without limitation, any conditional sale or other title retention agreement, any lease in the nature thereof, or the filing of or agreement to give any financing statement under the Uniform Commercial Code of any jurisdiction.

Loss shall have the meaning set forth in Section 14 hereof.

Loss Payment Date means, as to any Car suffering an Event of Loss, the Rent Payment Date or the last day of the Primary Term or Evergreen Term with respect to such Car, as the case may be, which next follows the date on which Lessee determines pursuant to Section 15 hereof that an Event of Loss with respect to such Car has occurred.

Loss Value means, as to any Car suffering an Event of Loss, an amount equal to that percentage of the Lessor's Cost of such Car set forth in Exhibit G hereto opposite the Loss Payment Date for such Car.

New Section 38 Property shall have the meaning set forth in Section 48(b) of the Code.

Note means each, and Notes means every, 14% Secured Nonrecourse Note issued by Lessor pursuant to the Finance Agreement.

Parent Guarantor means J. Henry Schroder Bank & Trust Company, a New York banking corporation and the parent of Guarantor.

Parent Guarantee means the Parent Guarantee Agreement dated as of the date hereof by and between Parent Guarantor and Lessor, in substantially the form thereof attached hereto as Exhibit D.

Payment Date shall have the meaning set forth in Section 21 hereof.

Person means any individual, partnership, corporation, trust, unincorporated association or joint venture, a government or political subdivision or any department or agency thereof, or any other entity.

Primary Term shall have the meaning set forth in Section 4 hereof.

Purchase Agreement shall have the meaning set forth in the Recitals hereto.

Purchase Date shall have the meaning set forth in Section 9 hereof.

Qualifications shall have the meaning set forth in Sections 7 and 9 hereof.

Reappraisal Opinion shall have the meaning set forth in Section 7 hereof.

Reconditioning Agreement shall have the meaning set forth in the Recitals hereto.

Reconditioning Cost means, as to each Car, that amount paid by Lessor to Contractor pursuant to the Reconditioning Agreement for reconditioning and modification thereof.

Recovery Deductions shall have the meaning set forth in Section 14 hereof.

Renewal Factors shall have the meaning set forth in Section 7 hereof.

Rent means all payments due from Lessee to Lessor pursuant to this Lease, including Basic Rent, Daily Rent and Additional Rent.

Rent Payment Date shall have the meaning set forth in Section 5 hereof.

Section 21(c) Defaults shall have the meaning set forth in Section 21(c) hereof.

Southern Pacific means Southern Pacific Transportation Company, a Delaware corporation.

Sublessee means a sublessee of one or more of the Cars under a Sublease which complies in all respects with Section 20(b) hereof.

Tax and Taxes shall have the meanings set forth in Section 13 hereof.

Termination Date shall have the meaning set forth in Section 8 hereof.

Termination Value, for purposes of Section 8 hereof, shall have the meaning set forth in such Section 8, and Termination Value, for purposes of Section 8A hereof, shall have the meaning set forth in such Section 8A.

Valuation Date shall have the meaning set forth in Section 9 hereof.

SECTION 2. LEASE OF CARS.

Lessor hereby agrees to lease the Cars to Lessee, and Lessee hereby agrees to lease the Cars from Lessor, upon all the terms and conditions set forth herein. Lessor will deliver the Cars to Lessee, as and when the Cars are delivered to Lessor by Contractor pursuant to the Reconditioning Agreement, at the location where the Contractor performs the reconditioning and modification of the Cars, or if Contractor subcontracts the reconditioning and modification of the Cars in substantial part, at the location where the subcontractor performs the reconditioning and modification of the Cars. Lessee shall inspect each Car upon delivery, and the execution by Lessee (or by any one of its duly authorized representatives) of a Certificate of Acceptance with respect to a Car or Cars shall, without further act, for all purposes of this Lease be deemed to be conclusive evidence that such Car or Cars are in good order, condition and repair, have been delivered to and accepted by Lessee and are in the possession of Lessee under and subject to all terms of this Lease.

SECTION 3. ACCEPTANCE, LEASE AND FUNDING.

(a) Acceptance, Lease and Funding. Subject to the conditions in Sections 3(b) and 3(c) hereof and provided that no Event of Default or no event which, but for the lapse of time or the giving of notice or both would be an Event of Default, shall have occurred and be continuing, on the applicable Delivery Date Lessor shall accept each Car from Contractor and simultaneously lease such Car to Lessee hereunder and on the applicable Closing Date Lessor shall (i) reimburse Lessee the amount, if any, set forth in a certificate of Lessee as having been previously advanced by Lessee on behalf of Lessor to Contractor in respect of the Reconditioning Cost of such Car and (ii) pay to Contractor the amount set forth in Contractor's invoice as being then due to Contractor in respect of the Reconditioning Cost of such Car. The aforesaid acceptance of a Car by Lessor shall be conclusively evidenced by its written acknowledgment and acceptance of a Certificate of Completion and the aforesaid lease of a Car by Lessee shall be conclusively evidenced by the execution and delivery by Lessee of a Certificate of Acceptance relating to such Car. Lessee shall give Lessor written or telephonic (confirmed in writing) notice of Reconditioning Cost of such Car at least five days prior to the applicable Closing Date.

(b) Conditions of Acceptance, Lease and Funding: Document Closing Date. The obligation of Lessor to accept any Car, lease such Car to Lessee hereunder and pay the Reconditioning Cost of such Car on any Closing Date, shall be subject to fulfillment of the following conditions to the reasonable satisfaction of Lessor on or before the Document Closing Date:

(i) Lessor shall have received fully executed counterparts of this Lease, the Purchase Agreement, the Reconditioning Agreement, the Guarantee, the Parent Guarantee and the Finance Agreement.

(ii) This Lease and the Finance Agreement shall have been filed and recorded in all places which are, in Lessor's reasonable opinion, necessary or appropriate to protect Lessor's interest and Lender's security interest in such Car.

(iii) Lessor shall have received certified copies of the corporate proceedings of Lessee, Contractor, Guarantor and Parent Guarantor with respect to the authorization of this Lease, the Reconditioning Agreement, the Guarantee and the Parent Guarantee and other instruments contemplated herein and therein as to the execution, delivery and performance thereof by the appropriate party or parties.

(iv) The representations and warranties of Lessee, Contractor, Guarantor and Parent Guarantor contained in this Lease, the Reconditioning Agreement, the Guarantee and the Parent Guarantee, respectively, shall be true and correct on and as of the Document Closing Date with the same effect as though made on and as of the Document Closing Date; and there shall be no Event of Default hereunder or the occurrence of any event which, but for the lapse of time or the giving of notice or both, would be such an Event of Default; and Lessor shall have received from Lessee a certificate to such effect dated the Document Closing Date and executed by a duly authorized officer of Lessee.

(v) Lessor shall have received signed opinions, dated the Document Closing Date and of such legal counsel for Lessee, Contractor, Guarantor and Parent Guarantor as are reasonably acceptable to Lessor, described in Exhibits E and F hereto.

(vi) Lessor shall have received an executed copy of certificates of such insurance, if any, as Lessee is required to maintain pursuant to Section 23 hereof.

(c) Conditions to Acceptance, Lease and Funding: Closing Dates. The obligation of Lessor to pay the Reconditioning Cost of a Car on any Closing Date shall be subject to the fulfillment of the following conditions to the reasonable satisfaction of Lessor on or before such Closing Date:

(i) Lessor shall have theretofore received an executed Bill of Sale under, and as defined in, the Purchase Agreement from the seller of such Car.

(ii) Lessor shall have received Contractor's invoice for such Car.

(iii) Lessor shall have received an executed Certificate of Completion from Contractor with respect to such Car.

(iv) Lessor shall have received an executed Certificate of Acceptance from Lessee with respect to such Car.

(v) Lender shall have purchased a Note or Notes with respect to such Car under and pursuant to the Finance Agreement.

(vi) The representations and warranties of Lessee, Contractor, Guarantor and Parent Guarantor contained in this Lease, the Reconditioning Agreement, the Guarantee and the Parent Guarantee, respectively, and in any certificate delivered pursuant hereto and thereto shall be true and correct on and as of such Closing Date with the same effect as though made on and as of such Closing Date; and there shall be no Event of Default hereunder or the occurrence of any event which, but for the lapse of time or the giving of notice or both, would be such an Event of Default; and Lessor shall have received from Lessee a certificate to such effect dated such Closing Date and executed by a duly authorized officer of Lessee.

(d) Transaction Indemnity. In the event that, as to any Car, for any reason whatsoever, each condition precedent to the transactions as contemplated herein is not satisfied or waived and such Car is not leased to Lessee hereunder, Lessee hereby unconditionally agrees (i) that such Car shall be excluded from the definition of "Cars" and (ii) to indemnify, protect and keep harmless Lessor and its successors, assigns, representatives, agents and servants from and against any and all liabilities, obligations, losses, damages, penalties, taxes, claims, actions, suits,

costs, expenses or disbursements (including reasonable legal fees and expenses) of any kind and nature whatsoever which may be imposed on, incurred by or asserted against Lessor in any way relating to or arising out of this Lease or any document or agreement contemplated hereby with respect to such Car, or the performance of any of the terms hereunder, or in any way relating to or arising out of the purchase, reconditioning, modification, acceptance, ownership, delivery, use, sale, return or other disposition of such Car. The provisions of this Section 3(d) shall survive the expiration or earlier termination of this Lease.

(e) Certificates and Documents. Lessee agrees to furnish Lender on the Document Closing Date and each Closing Date the certificates and other documents required with respect to Lessee by Section 1.3 of the Finance Agreement; provided, however, Lessee's inability to furnish such certificates and documents shall not constitute a default hereunder.

SECTION 4. TERM OF LEASE.

Subject to the provisions of Sections 7, 8, 8A and 15 hereof, the original lease term for each Car shall be 72 months (the "Primary Term"). The Primary Term shall commence for each Car on the date appearing on the Certificate of Acceptance relating to such Car (the "Commencement Date").

SECTION 5. BASIC RENT, PAYMENT DATES AND PLACE OF PAYMENT.

Lessee agrees to pay as monthly rent for each Car for and during the Primary Term an amount equal to [redacted] of the Lessor's Cost of such Car and for and during any Evergreen Term an amount equal to [redacted] of the Lessor's Cost of such Car ("Basic Rent").

The Basic Rent shall be payable in arrears on the 20th day of each calendar month ("Rent Payment Date") and shall be for the period beginning with the 21st day of the previous calendar month and ending on the 20th day of the current calendar month.

The first payment of Basic Rent ("First Rent Payment") for each Car will be payable on the 20th day of the calendar month following the month in which the Commencement Date occurs. The First Rent Payment shall be adjusted by (i) adding to the Basic Rent the Daily Rent (as defined below in this Section) multiplied by the number of days, if any, which follow the Commencement Date and intervene between the Commencement Date and the 20th day of

the same calendar month in which the Commencement Date occurs, or (ii) subtracting from the Basic Rent the Daily Rent multiplied by the number of days, if any, which follow the 20th day of the same calendar month in which the Commencement Date occurs and intervene between the 20th day of such calendar month and the Commencement Date. Daily Rent shall be determined for each Car by dividing the Basic Rent for such Car by 30.

The last payment of Basic Rent during the Primary Term for each Car shall be adjusted by adding or subtracting the Daily Rent, as appropriate, in a manner consistent with the adjustment made pursuant to the next preceding paragraph in calculation of the First Rent Payment.

Daily Rent, Basic Rent, Loss Values and the percentage purchase price for the Cars set forth in Section 8 hereof are predicated upon the assumption that all the Cars will be delivered and accepted hereunder on or before December 31, 1983. In the event that any Cars are delivered and accepted hereunder subsequent to that date, Daily Rent, Basic Rent, Loss Values and the percentage purchase price for the Cars set forth in Sections 8 and 8A hereof shall be adjusted in such manner as will, in the reasonable opinion of Lessor, maintain Lessor's contemplated after-tax return on and rate of recovery of investment and the annual net cash flows (computed on the same assumptions as utilized by Lessor in originally evaluating the transactions contemplated hereby) at the same levels as would have obtained had all the Cars been delivered on or before December 31, 1983.

All payments of Basic Rent and Daily Rent remaining due and unpaid more than 10 days after the due date thereof shall bear interest from the due date thereof at the rate of 14% per annum (computed on the basis of a 365-day year of actual days elapsed) or the maximum rate permitted by applicable law, whichever is less (the "Late Payment Rate").

If a Rent Payment Date shall not be a business day, the payment otherwise due thereon shall be due and payable on the next succeeding business day.

All payments of Daily Rent, Basic Rent and Loss Value and certain other payments under this Lease have been assigned to Lender pursuant to the Finance Agreement, and Lessor hereby directs Lessee to make all payments of Rent (other than payments due Lessor under Sections 12, 13, 14, 23 (insofar as they represent proceeds under public liability insurance policies, or payments in lieu thereof by sublessees, payable to Lessor for its own account) and 28

hereof, all of which payments are to be made directly to Lessor) to Lender at its offices at One State Street, New York, New York 10015, provided that Additional Rent shall be paid as so directed only if payments have not been made directly by Lessee to a third party, to the extent required by Sections 12, 13, 14, 23 or 28 hereof.

SECTION 6. ADDITIONAL RENT PAYABLE BY LESSEE.

In addition to the Basic Rent and Daily Rent payable by Lessee under Section 5, Lessee agrees to pay, as additional rent, sums sufficient to pay and discharge all amounts required to be paid by Lessee in order to comply fully with all other provisions of this Lease ("Additional Rent").

Additional Rent will be due and payable by Lessee at the time specified in the relevant provisions hereof. The Section under which Additional Rent is payable shall be stated in an invoice from Lessor, and the supporting detail or documentation required by such Section shall be included.

SECTION 7. EVERGREEN RENEWAL OPTION.

Lessee shall have the option to extend this Lease beyond the Primary Term as to all, but not less than all, the Cars then subject to this Lease, on the terms and conditions herein except as otherwise provided in this Section, for a term of one or more whole years ("Evergreen Term"), if the Reappraisal Opinion concludes that at the end of such Evergreen Term (i) the remaining estimated useful life of the Cars will be at least equal to the longer of one year or 20% of the original estimated useful life of the Cars and (ii) the fair market value of such Cars will be at least equal to 20% of the Lessor's Cost of such Cars, without adjustment for inflation or deflation.

At the end of the first Evergreen Term, if any, or any subsequent Evergreen Term, Lessee shall have the option to extend this Lease for any number of additional Evergreen Terms, as long as the Reappraisal Opinion for each Evergreen Term concludes that at the end of any such term the two conditions stated in the above paragraph (the "Renewal Factors") will be satisfied.

At the end of the 66th month of the Primary Term for the Car which first became subject to this Lease, and at the end of the month which is six months prior to the end of any Evergreen Term for the Car which first became subject to this Lease, Lessee may hire, at its own expense, an appraiser (the "Lessee's Appraiser") who is knowledgeable

about railroad cars similar to the Cars, and who has at least three years experience in appraising railroad equipment (both requirements hereinafter called the "Qualifications") to render an appraisal of the useful life and fair market value of the Cars as of the end of the Primary Term, or the Evergreen Term, as the case may be, and as of one or more whole years after such dates. The Lessee's Appraiser shall issue his opinion (the "Reappraisal Opinion") in writing to both Lessor and Lessee by the end of the 67th month of the Primary Term for the Car which first became subject to this Lease, or the end of the month which is five months prior to the end of any Evergreen Term. The Reappraisal Opinion of the Lessee's Appraiser shall be binding on Lessor and Lessee.

Any Evergreen Term must be a term of one or more whole years, and if the application of the Renewal Factors would result in an Evergreen Term which contains a fraction of a whole year, the longest Evergreen Term permitted by this Section shall be the number of whole years, if any, less than the maximum term so determined.

If the Reappraisal Opinion indicates that the Renewal Factors are satisfied, then Lessee shall have the option to extend the Lease for a term of one or more such years. Lessee shall exercise its option, and shall notify Lessor in writing, within one week after the Reappraisal Opinion becomes binding.

The Reappraisal Opinion shall not constitute a representation or warranty by Lessee that the opinion of the estimated useful life or residual value of the Cars contained in any Reappraisal Opinion will actually be realized by Lessor or any other Person.

SECTION 8. EARLY TERMINATION OPTION.

Lessee shall have the option to terminate this Lease and to purchase all, but not less than all, the Cars then subject to this Lease. If Lessee exercises its option pursuant to this Section 8, the purchase of, and closing for, the Cars shall occur in Blocks of Cars, with each such purchase and closing to take place on the first business day following the end of the 48th month of the Primary Term for each such Block of Cars (such date referred to herein as the "Termination Date" with respect to each Block of Cars). At the closing for each Block, Lessee shall make payment therefor in immediately available funds against delivery of a Bill of Sale transferring and assigning to Lessee all right, title and interest of Lessor in and to such Block, as is, where is, without recourse or warranty; provided, however,

that Lessor shall have no obligation to sell, and Lessee shall have no obligation to purchase, any Car on a Termination Date if on such Date with respect to such Car an Event of Default has occurred and is continuing, an Event of Loss has occurred or if Lessor has sold such Car pursuant to the terms of clauses (ii) and (iv) of Section 21(b) hereof. The purchase price for each Car shall be the greater of (i) its fair market value at the Termination Date for the Block of Cars within which such Car is included or (ii) 52.000% of the Lessor's Cost of such Car (the "Termination Value").

If Lessee desires to exercise its option pursuant to this Section, it shall notify Lessor in writing of its intent to exercise such option prior to the end of the 42nd month of the Primary Term of the Car which first became subject to this Lease. The fair market value of the Cars as of the Termination Date for each Block of Cars shall then be determined according to the procedure set forth in Section 9. Lessee may rescind its notice of intent to exercise such option by giving Lessor written notice of such rescission not later than the 15th day prior to the Termination Date for the Block of Cars which first became subject to this Lease, in which event this Lease shall continue in full force and effect as to all Cars as though the notice of intent to exercise such option had not been given. If Lessee has given the notice of intent to exercise such option and such notice is not rescinded as aforesaid, then on the Termination Date for each Block of Cars, Lessee shall purchase such Block for the purchase price and in the manner determined above.

SECTION 8A. TERMINATION.

If this Lease shall be terminated at any time by mutual agreement, Lessee shall have the option to purchase all, but not less than all, of the Cars then subject to this Lease. Lessee's option shall be exercised by notifying Lessor in writing of such exercise not later than 60 days prior to the effective date of the termination of this Lease. If Lessee exercises its option pursuant to this Section 8A, the purchase of, and closing for, the Cars shall occur in Blocks of Cars, with each such purchase and closing to take place on the next scheduled Rent Payment Date for such Block ("8A Termination Date"). Payment for, and transfer of title to, the Cars in each Block shall occur in the same manner as described in Section 8.

The purchase price for each Car shall be the greater of (i) its fair market value as of the 8A Termination Date for the Block of Cars which first became subject

to this Lease, which value shall apply to all Blocks of Cars and (ii) the percentage of Lessor's Cost of such Car or Cars listed opposite the Rent Payment Date under Column C in Exhibit H which is the same as such 8A Termination Date (the "Termination Value"). Fair market value shall be determined according to the procedure set forth in Section 9.

Notwithstanding anything contained herein to the contrary, Lessor shall be under no obligation whatsoever to consider at any time a proposed termination of this Lease under this Section 8A.

SECTION 9. PURCHASE OPTION.

Lessee shall have the option to purchase all, but not less than all, the Cars then subject to this Lease at the end of the Primary Term for each such Car or any Evergreen Term, as the case may be. The purchase price for all Cars shall be equal to their fair market value as of the end of the Primary Term or such Evergreen Term for the first Car delivered to Lessee hereunder ("Valuation Date"). If Lessee desires to exercise its option pursuant to this Section, it shall notify Lessor in writing 15 days prior to the end of the 66th month of such Primary Term or 15 days prior to the end of the month which is six months prior to the end of such Evergreen Term, as the case may be.

If Lessee exercises its option pursuant to this Section 9, the purchase of, and closing for, the Cars shall occur in Blocks of Cars, with each such purchase and closing to take place on the last day of the Primary Term or such Evergreen Term, as the case may be, for each such Block of Cars (such date referred to herein as the "Purchase Date" with respect to each Block of Cars). At the closing for each Block, Lessee shall make payment therefor in immediately available funds against delivery of a Bill of Sale transferring and assigning to Lessee all right, title and interest of Lessor in and to that Block of Cars, as is, where is, without recourse or warranty.

Lessee shall hire, at its own expense, an appraiser (the "Lessee's Appraiser") who is knowledgeable about railroad cars similar to the Cars, and who has at least three years experience in appraising railroad equipment (both requirements hereinafter called the "Qualifications") to render an appraisal of the fair market value of the Cars as of the Valuation Date. The Lessee's Appraiser shall issue his opinion (the "Fair Market Value Opinion") in writing to both Lessor and Lessee by the end of the 67th month of such Primary Term, or the end of the month which is

five months prior to the end of such Evergreen Term, as the case may be. If Lessor does not object, in writing, to any terms of the Fair Market Value Opinion of the Lessee's Appraiser within two weeks after receipt thereof, it will be deemed to have accepted and agreed to such Opinion, and such Opinion will become binding on Lessor and Lessee.

If Lessor does object to any term of the Fair Market Value Opinion of the Lessee's Appraiser, it shall so notify Lessee no later than two weeks after receipt of such Fair Market Value Opinion. In such case, Lessor shall hire, at its own expense, an appraiser (the "Lessor's Appraiser") who meets the Qualifications, to render a Fair Market Value Opinion. The Lessor's Appraiser shall issue a Fair Market Value Opinion to both Lessor and Lessee within one month after Lessor has sent its written objection to Lessee. If Lessee does not object, in writing, to any terms of the Fair Market Value Opinion of the Lessor's Appraiser within two weeks after receipt thereof, it will be deemed to have accepted and agreed to such Opinion, and such Opinion will become binding on Lessee and Lessor.

If Lessee does object to any term of the Fair Market Value Opinion of the Lessor's Appraiser, it shall so notify Lessor no later than two weeks after receipt of such Fair Market Value Opinion. In such case, the Lessor's Appraiser and the Lessee's Appraiser shall agree upon a third appraiser, who satisfies the Qualifications, to render a Fair Market Value Opinion. If the Lessee's Appraiser and the Lessor's Appraiser cannot agree upon a third appraiser within 10 days, the third appraiser shall be appointed by the San Francisco office of the American Arbitration Association. The fees and expenses of the third appraiser shall be borne equally by Lessee and Lessor. The third appraiser shall issue a Fair Market Value Opinion to both Lessor and Lessee within one month after Lessee has sent its written objection to Lessor. The two Fair Market Value Opinions the amounts of which are nearest, in dollars and cents, shall be averaged, and the average so determined shall be the fair market value amount which is binding on Lessor and Lessee for purposes of this Section 9.

The Fair Market Value Opinions of the Lessee's Appraiser, the Lessor's Appraiser and the third appraiser shall be solely for the purpose of ascertaining the applicable purchase price of the Cars and shall not constitute representations or warranties by either party to the other party.

SECTION 10. LESSEE'S REPRESENTATIONS AND WARRANTIES.

Lessee represents and warrants that:

(a) Due Organization. Lessee is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware, is duly licensed and qualified as a foreign corporation in good standing in each jurisdiction in which such licensing or qualification is necessary to carry out the terms of this Lease and has the corporate power and authority to carry on its business as presently conducted, to take and hold property under lease, and to enter into and perform its obligations under this Lease.

(b) Due Authorization. The execution, delivery and performance by Lessee of this Lease have been duly authorized by all necessary corporate action on the part of Lessee.

(c) Due Execution. This Lease has been duly executed and delivered by Lessee and constitutes the legal, valid and binding obligation of Lessee, enforceable against Lessee in accordance with its terms except as such enforcement may be qualified by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights generally and by applicable principles affecting the availability of specific performance and other special or equitable remedies.

(d) No Violation. Neither the execution and delivery of this Lease by Lessee, nor the consummation by Lessee of the transactions contemplated hereby, nor the performance by Lessee of its obligations hereunder, conflicts or will conflict with, or results or will result in a breach of any of the provisions of, the Certificate of Incorporation or By-Laws of Lessee, or a violation of any Law, judgment, order, decree, rule or regulation presently in effect of any court, administrative agency or other governmental authority or a breach or default under any other agreement or instrument to which Lessee is a party or to which Lessee, any of its property or the Cars are subject, or by which Lessee, any of its property or the Cars are bound or results or will result in the imposition of any liens or encumbrances on any of its property.

(e) Governmental Approvals. No approval, consent or withholding of objection on the part of, or filing, registration or qualification with, any govern-

mental body, Federal, state or local, is necessary in connection with the execution or delivery by Lessee of this Lease or compliance by Lessee with any of the provisions hereof.

(f) Litigation. There are no proceedings pending or, to the knowledge of Lessee, threatened against or affecting Lessee in any court or before any regulatory commission, board or other governmental administrative agency or authority which, if adversely determined, would have a material adverse effect on its financial condition or on its ability to fulfill its obligations under this Lease.

(g) Financial Statements. The financial statements of Lessee heretofore furnished to Lessor are in accordance with the books and records of Lessee and, except as noted therein, were prepared in conformity with generally accepted accounting principles consistently applied and fairly present the financial position of Lessee on and as of the date thereof and the results of its operations for the periods covered thereby. Since the date of such financial statements, there has been no material adverse change in the financial condition of Lessee.

SECTION 11. LESSOR'S REPRESENTATIONS AND WARRANTIES.

Lessor represents and warrants that:

(a) Due Organization. Lessor is a corporation duly organized and validly existing in good standing under the laws of the State of California and has the corporate power and authority to carry on its business as presently conducted and to enter into and perform the acts and obligations of Lessor under this Lease.

(b) Due Authorization. The execution, delivery and performance by Lessor of this Lease have been duly authorized by all necessary corporate action on the part of Lessor.

(c) Due Execution. This Lease has been duly executed and delivered by Lessor and constitutes the legal, valid and binding obligation of Lessor, enforceable against Lessor in accordance with its terms except as such enforcement may be qualified by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights generally and by applicable principles affecting the availability of

specific performance and other special or equitable remedies.

(d) No Violation. Neither the execution and delivery of this Lease by Lessor, nor its consummation of the transactions contemplated hereby, nor the performance by Lessor of its obligations hereunder, conflicts or will conflict with, or results or will result in a breach of any of the provisions of, the Articles of Incorporation or By-laws of Lessor, or any Law, judgment, order, decree, rule or regulation of any court, administrative agency or other governmental authority or any other agreement or instrument to which Lessor is subject or is a party or by which it is bound, or constitutes or will constitute a default under any provision thereof.

(e) Fiscal Year. Lessor's taxable year is the calendar year, and Lessor's 1983 taxable year ends on December 31, 1983.

SECTION 12. GENERAL INDEMNITY.

(a) Indemnity. Lessee agrees to assume liability for, and does hereby indemnify and agree to indemnify, protect, save and hold harmless Lessor and Lender, on an After-Tax Basis (i.e., after payment of all Federal, state and local taxes payable by Lessor or Lender with respect to payments pursuant to this indemnity) from and against, any and all liabilities, obligations, losses, damages, penalties, claims (including, without limitation, claims involving negligence or omissions, or strict or absolute liability in tort), actions, suits, judgments, costs, expenses and disbursements (including, without limitation, the fees and expenses of lawyers, accountants and other experts) of any kind and nature whatsoever without any limitations as to amount ("Claims") (except Claims which are covered by Sections 13 or 14 hereof) which may be imposed on, incurred by or asserted against Lessor or Lender, in any way relating to or arising out of this Lease or any amendment, modification, supplement, waiver or consent thereunder, or the performance or enforcement of any of the terms hereof, or the breach by Lessee of any of the terms of this Lease (or any representation made in writing to Lessor by Lessee in connection with this Lease), or in any way relating to or arising out of the ownership of the Cars or the design, manufacture, acquisition, erection, reconditioning, modification, ownership, delivery, lease,

possession, use, operation, maintenance, condition, registration, control, financing, insuring, sale, storage or disposition of the Cars or any casualty, injury or loss in connection therewith (including, without limitation, latent and other defects, whether or not discoverable and any Claim for patent, trademark or copyright infringement and expenses of Lessor incurred in the administration of this Lease and reasonable fees and disbursements of outside counsel and other experts incurred in connection therewith). To the extent that Lessor or Lender in fact receives indemnification payments from Lessee under this Section 12, Lessee shall be subrogated, to the extent of the indemnity paid, to Lessor's and Lender's rights with respect to the transaction or event requiring or giving rise to such indemnity. The indemnities and assumptions of liability of Lessee hereunder are not intended as, and do not constitute, a guarantee of the residual value of any Car or of the payment of the principal of, or interest on, the Notes.

LESSEE AGREES THAT LESSOR AND LENDER SHALL HAVE NO LIABILITY DIRECTLY OR INDIRECTLY TO LESSEE, TO ANY PERSON CLAIMING BY, THROUGH OR UNDER LESSEE OR TO ANY OTHER PERSON FOR ANY CLAIM ARISING DIRECTLY OR INDIRECTLY FROM ANY CAR, OR FROM ANY INADEQUACY THEREOF FOR ANY PURPOSE, OR FROM ANY DEFICIENCY OR DEFECT THEREIN WITH RESPECT THERETO OR FROM ANY DELAY IN PROVIDING OR FAILURE TO PROVIDE ANY THEREOF OR FROM ANY INTERRUPTION OR LOSS OF SERVICE OR USE THEREOF OR FROM ANY LOSS OF BUSINESS, ALL OF WHICH SHALL BE THE RISK AND RESPONSIBILITY OF LESSEE.

(b) Exceptions. Lessee shall not be required to indemnify any Person pursuant to paragraph (a) of this Section 12 for any Claim resulting from the wilful misconduct or criminal act of such Person.

(c) Notice of Claim. If any indemnitee has actual knowledge of any pending or threatened proceeding asserting any Claim that would be indemnified against under paragraph (a) of this Section 12, such indemnitee shall give prompt notice thereof to Lessee. Upon receipt of such notice, Lessee shall, at its own expense, assume full responsibility for the defense against or settlement of any such Claim (the indemnitee being entitled to participate in such defense by its own counsel and at its own expense) and such indemnitee shall cooperate with Lessee by providing, at the expense of Lessee, such assistance as Lessee may reasonably request, provided that each indemnitee shall have

the right, at its expense, to control the defense against or settlement of such Claim if such indemnitee shall release Lessee from any obligation to indemnify such indemnitee (or any other indemnitee) for such Claim.

(d) Payment. So long as Lessee is complying with its obligations under paragraph (c) of this Section 12, Lessee shall not be required to make any payment pursuant to this Section 12 of any Claim until the indemnitee shall have been lawfully required to make a payment in respect of the Claim indemnified against hereunder. After payment by Lessee in full of all amounts due from Lessee to an indemnitee pursuant to this Section 12 in respect of a Claim, the indemnitee shall promptly assign to Lessee all its right, title and interest to any claims relating to such Claim, provided that such assignment shall be made without representation, warranty or recourse, and that no breach or default under this Lease on the part of Lessee shall exist. Nothing in this Section 12 shall relieve Lessee of its obligation to make payment under this Section 12 (whether or not it shall contest the Claim) if such failure to pay or such contest will result in a Lien prohibited by Section 19 hereof, any criminal or other civil liability on the part of Lessor or Lender or any other obligation of Lessor or Lender for which no effective indemnification is provided hereunder.

SECTION 13. GENERAL TAX INDEMNITY.

(a) Indemnity. Lessee agrees to pay, and hereby indemnifies Lessor and Lender, and agrees to indemnify and hold harmless Lessor and Lender, from and against, any and all governmental or quasi-governmental, franchise, sales, use, personal property, ad valorem, value added, leasing, leasing use, excise, gross receipts, stamp or other tax, levy, impost, duty, charge, assessment, fee or withholding of any nature, together with any penalty, fine, addition to tax or interest on any of the foregoing (individually, a "Tax" and collectively, "Taxes") imposed against Lessor, Lender or the Cars by any Federal, state or local government or taxing authority in the United States or by any foreign government or taxing authority upon or with respect to the Cars, or upon or with respect to the purchase, acquisition, reconditioning, modification, condition, ownership, registration, delivery, leasing, possession, use, operation, control, financing, insuring, maintenance, storage, sale or other

disposition thereof, or upon or with respect to the rentals, receipts or earnings arising therefrom, or upon or with respect to this Lease, or any indebtedness created or repaid or deemed to be or have been created or repaid hereunder, unless, and only to the extent that, any such Tax which is not imposed by way of withholding is being contested by Lessee in good faith by appropriate proceedings diligently conducted, if such proceedings shall stay the collection thereof from or against Lessor, Lender, Lessee and the Cars and shall not adversely affect the title, property, security interest or other rights of Lessor or Lender in the Cars or this Lease. Lessee further agrees that, with respect to any payment or indemnity under this Lease, such payment or indemnity shall include any amount necessary to hold Lessor and Lender harmless, on an After-Tax Basis, from all Taxes required to be paid by Lessor or Lender with respect to such payment or indemnity.

(b) Limitation on Indemnity. Notwithstanding the provisions of paragraph (a) of this Section 13, Lessee shall have no obligation hereunder as to any Taxes which are based on, or measured by, the net income of any indemnitee imposed or levied as a consequence of the receipt of payments provided in this Lease by (i) the United States Government or (ii) all other jurisdictions up to the amount of any such Taxes which would be payable to the state and city in which such indemnitee has its principal place of business without apportionment to any other state, except any such Tax which is in substitution for or relieves Lessee from the payment of Taxes which it would otherwise be obligated to pay or reimburse as herein provided.

(c) Contest. If any proceeding (including the written claim or written threat of such proceeding) is commenced against Lessor or, if Lessor has actual knowledge thereof, against Lender for any Tax to which the indemnity provided in paragraph (a) of this Section 13 applies, Lessor shall notify Lessee within 30 days. If reasonably requested by Lessee in writing, Lessor shall, at the expense of Lessee and upon receipt of indemnification reasonably satisfactory to Lessor and Lender with respect to all costs of contesting the validity, applicability or amount of such Tax (including, without limitation, all costs, expenses, losses, fees and disbursements of lawyers, accountants and other experts, penalties and interest), in good faith contest (after consultation with Lessee) in the name of

Lessee or Lessor, as the case may be, the validity, applicability or amount of such Tax by (i) resisting payment thereof if Lessor in its sole discretion shall determine such course of action to be appropriate, (ii) not paying the same except under protest, if protest is necessary and proper, or (iii) if payment is made, using reasonable efforts to obtain a refund thereof in appropriate administrative and judicial proceedings. Lessee, through its counsel, shall have the right to participate in any proceeding related to such contest, provided that the control of such proceeding shall be exercised by counsel designated by Lessor. If Lessor shall obtain a refund of all or any part of such Tax paid by Lessee, Lessor shall pay Lessee the amount of such refund. If in addition to such refund Lessor shall receive an amount representing interest on the amount of such refund, Lessor shall pay Lessee that proportion of such interest which is fairly attributable to Taxes paid by Lessee prior to the receipt of such refund.

(d) Reports. In case any report or return is required to be made with respect to any obligation of Lessee under this Section or arising out of this Section, Lessee will either make such report or return in such manner as will show the ownership of the Cars in Lessor, and send a copy of such report or return to Lessor, or will notify Lessor of such requirement within a reasonable time before the required filing date and (unless such report or return cannot properly be made except by Lessor) make or cause to be made such report or return in such manner as shall be satisfactory to Lessor.

SECTION 14. SPECIAL INCOME TAX INDEMNITY

(a) Assumptions. This Lease has been entered into on the basis that Lessor, as the owner of the Cars, shall be entitled to such deductions, credits and other benefits (such deductions, credits and other benefits being referred to herein as the "Benefits") as are provided by the Code and by California State income or franchise tax laws, to an owner of recovery property, including without limitation, the Benefits described below provided Lessor, to the extent required, elects such treatment:(a) deductions for cost recovery with respect to the Reconditioning Cost of the Cars under Section 168 of the Code (the "Recovery Deductions"), depreciation deductions under Section 167(m) of the Code with respect to the Hulk Cost of the Cars and for depreciation with respect to the Cars under the applicable

provisions of the California State income or franchise tax laws commencing in the year that the Cars are delivered to Lessor on the basis that (i) the Cars will have a basis in the aggregate for purposes of Sections 167 and 168 of the Code and of the applicable provisions of the California State income or franchise tax laws at least equivalent to the Lessor's Cost thereof; (ii) for Federal tax purposes, the Reconditioning Cost of the Cars will be recovered in accordance with the table set forth in the cost recovery schedule contained in Section 168(b)(1) of the Code with respect to 5-year property (unless Lessor has elected to use a straight line method of depreciation or a longer life for 5-year recovery property pursuant to Section 168(b)(3) of the Code, in which case the Lessor will be entitled to the percentages of the Reconditioning Cost of each Car as provided in said section) and the Hulk Cost of the Cars will be (x) assigned an asset depreciation range and class life system permitted by Section 167(m) of the Code for an asset described in Revenue Procedure 77-10 Asset Guideline Class No. 00.25, (y) depreciated under the declining balance method, using a rate equal to 150% of the straight line rate and switching to either the sum of the years-digits method or the straight line method without obtaining the consent from the Commissioner of Internal Revenue Service and (z) the half-year convention will be available; and (iii) for California State tax purposes, the Cars will be eligible for an asset depreciation period of 15 years, the half-year convention will be available, and Lessor will be entitled to initially use the declining balance method, using a rate equal to 200% of the straight-line rate with respect to the Reconditioning Cost of each Car and a rate equal to 150% of the straight-line rate with respect to the Hulk Cost of each Car, switching to either the sum of the years-digits method or straight line method (the "California Depreciation Deductions"); (b) deductions under Section 163 of the Code for interest paid or accrued on indebtedness incurred by Lessor from Lender in connection with the purchase and reconditioning of the Cars (the "Interest Deductions"); and (c) an investment credit (the "Investment Credit") with respect to the Cars pursuant to Section 38 of the Code in the year that the Cars are delivered to Lessor equal to 10% of the Reconditioning Cost of each Car.

(b) Consistent Tax Returns. Lessee agrees that neither it nor any of its Affiliates will at any time enter into any transaction or agreement or take any other action, directly or indirectly, or file any returns, elections or other documents inconsistent with the availability of the intended Benefits to Lessor, and that Lessee and its Affiliates will maintain such records, take such actions, make such elections and execute such documents as may be reason-

able and necessary to facilitate accomplishment of the availability of the intended Benefits to Lessor.

(c) Representations and Warranties. Lessee represents, warrants and covenants that (i) the Cars constitute property for which the entire Reconditioning Cost of each Car qualifies for the Investment Credit; (ii) at the time Lessor becomes the owner of the Cars, the Cars with respect to Lessor will constitute, as to the Reconditioning Cost of such Car, "new Section 38 property" within the meaning of Section 48(b) of the Code, "recovery property" within the meaning of Section 168(c)(1) of the Code and "5-year property" within the meaning of Section 168(c)(2)(B) of the Code and the Cars as to the Reconditioning Cost will not have been used by any person so as to preclude "the original use of such property" within the meaning of Sections 48(b) and 167(c)(2) of the Code from commencing with Lessor; (iii) the Hulk Cost of the Cars will be (x) assigned an asset depreciation range and class life system permitted by Section 167(m) of the Code for an asset described in Revenue Procedure 77-10 Asset Guideline Class No. 00.25, (y) depreciated under the declining blance method, using a rate equal to 150% of the straight line rate and switching to either the sum of the years-digits method or the straight line method without obtaining the consent of the Commissioner of Internal Revenue Service and (z) the half-year convention will be available; (iv) Lessor will be entitled to the California Depreciation Deductions; (v) at the time Lessor becomes the owner of the Equipment, no investment credit, depreciation, cost recovery or other tax benefits will have been claimed by any Person with respect to the Reconditioning Cost of each Car; (vi) at all times during the term of this Lease, the Cars will constitute "Section 38 property" within the meaning of Section 48(a) of the Code and will not be used predominantly outside the United States within the meaning of said Section 48(a); (vii) Lessee will maintain sufficient records to verify such use and will supply such records to Lessor within 30 days after receipt of a written demand therefor; and (viii) Lessor will be entitled to the Interest Deductions under Section 163 of the Code for interest paid or accrued on the Notes.

(d) Indemnification. If Lessor shall lose, or shall not have, or shall lose the right to claim, or there shall be disallowed or recaptured, any portion of the Benefits with respect to the Cars or any portion thereof (hereinafter called a "Loss") as a direct result of any of the following events (other than any Loss which results from an Event of Loss under Section 15 hereof or a sale of the Cars pursuant to Section 8, 8A or 9 hereof, so long as Lessee has paid to Lessor the applicable Loss Value or purchase price

and other sums due pursuant to said Sections): (i) any representation or warranty of Lessee contained in this Lease shall prove to be untrue; (ii) Lessee or any Person who acquires possession of the Cars from or through Lessee shall breach any covenant or undertaking contained in this Lease; or (iii) any other act or omission to act by Lessee or any Person who acquires possession of the Cars from or through Lessee, then Lessee shall pay to Lessor an amount which, in the reasonable opinion of Lessor, will cause Lessor to realize, on an After-Tax Basis, the contemplated after-tax return on and rate of recovery of investment and the annual net cash flows (computed on the same assumptions as utilized by Lessor in originally evaluating the transactions contemplated hereby) which would have been realized by it had such Loss not occurred, plus an amount equal to all interest, penalties or additions to tax payable by Lessor as a result of such Loss, which amounts shall be payable to Lessor at the time such Loss occurs (but not sooner than 30 days after receipt by Lessee of a written demand therefor, accompanied by a written statement describing in reasonable detail the Loss and the computation of the amounts so payable).

(e) Improvements. In addition, in the event and to the extent that the cost of any improvement or addition to a Car made by Lessee, under and pursuant to the terms of the Lease or otherwise, is required to be included in the gross income of Lessor for Federal or California income or franchise tax purposes at any time prior to the time the such Car is disposed of in a taxable transaction, then a Loss shall be deemed to have occurred, and, on the next Rent Payment Date occurring more than 30 days after written notice of such Loss to Lessee by Lessor, Lessee shall pay to Lessor an amount which, in the reasonable opinion of Lessor, will cause Lessor to realize the contemplated after-tax return on and rate of recovery of investment and the annual net cash flows (computed on the same assumptions as utilized by Lessor in originally evaluating the transactions contemplated hereby) which would have been realized by it had such Loss not occurred.

(f) Determination of Loss. For purposes of this Section 14, a Loss shall occur upon the earliest of (1) the payment by Lessor to the appropriate taxing authority of the tax increase, interest or penalties resulting from such Loss, or (2) the adjustment of the tax return of Lessor to reflect such Loss.

(g) Contest. Upon receipt of formal notification by Federal or California taxing authorities of a claim being made by such authorities which, if successful, would result in a Loss under circumstances which would require Lessee to

indemnify for such Loss, Lessor hereby agrees to give Lessee written notice of such claim and to take such action in connection with contesting such claim as Lessee shall reasonably request in writing from time to time, provided that (i) within 30 days after notice by Lessor to Lessee of such claim, Lessee shall request that such claim be contested, (ii) Lessor, at its sole option, may forego any and all administrative appeals, proceedings, hearings and conferences with such taxing authorities in respect of such claim and may, at its sole option, either pay the tax claimed and sue for a refund or contest the claim in any permissible forum considering, however, in good faith such request as Lessee shall make concerning the most appropriate forum in which to proceed, (iii) prior to taking such action, Lessee shall have furnished Lessor with an opinion of independent tax counsel satisfactory to Lessor to the effect that a meritorious defense exists to such claim and (iv) Lessee shall have indemnified Lessor in a manner reasonably satisfactory to it for any liability or loss which Lessor may incur as the result of contesting such claim and shall have agreed to pay Lessor on demand all costs and expenses which Lessor may incur in connection with contesting such claim, including, without limitation, (A) reasonable attorneys', accountants' and investigatory fees and disbursements and (B) the amount of any interest, penalty or fine which may ultimately be payable as the result of contesting such claim. Notwithstanding anything to the contrary set forth above in this paragraph, Lessor may, in its sole discretion, refuse to contest the disallowance of the Benefits, but, in that event, if Lessee has complied with the requirements of clauses (i), (iii) and (iv) above, Lessee shall be discharged of its obligation to indemnify Lessor in respect of such Loss pursuant to this Section 14.

(h) All of Lessor's rights and privileges arising from the indemnities contained in this Section 14 shall survive the expiration or other termination of the Lease with respect to the Cars and such indemnities are expressly made for the benefit of, and shall be enforceable by Lessor and its successors and assigns.

(i) If, as a result of Section 8, Lessor is treated for federal income tax purposes as if it disposed of any Car (within the meaning of Section 47 of the Code) prior to the expiration of four complete years from the date such Car was delivered to Lessee hereunder, Lessee shall pay to Lessor an amount which, in the reasonable opinion of Lessor, will cause Lessor to realize, on an After-Tax Basis, the contemplated after-tax return on, and rate of recovery of

investment and the annual net cash flows (computed on the same assumptions as utilized by Lessor in originally evaluating the transactions contemplated hereby) which would have been realized by it if Lessor were treated for federal income tax purposes as if it had not disposed of such Cars prior to the expiration of four complete years, plus an amount equal to all interest, penalties or additions to tax payable by Lessor as a result of such event, which amounts shall be payable to Lessor within 30 days after receipt by Lessee of a written demand therefor, accompanied by a written statement describing in reasonable detail the basis for the amounts so payable. If Lessee is required to indemnify Lessor under this Section 14(i) it shall have the same contest rights as set forth in Section 14(g) hereof.

SECTION 15. RISK OF LOSS AND PAYMENT OF LOSS VALUE.

(a) Risk of Loss. During the term of this Lease with respect to any Car, and for so long thereafter as such Car remains in the possession of Lessee, Lessee shall bear the risk of and all responsibility for loss, theft, destruction, damage, seizure, taking or requisition, by whatever cause, human or natural, within or beyond the control of Lessee, partial or complete, of or to such Car. Lessee agrees that no occurrence specified in the preceding sentence shall relieve or impair, in whole or in part, any obligation of Lessee to Lessor or Lender under this Lease, including, without limitation, the obligation to pay Daily Rent, Basic Rent and Additional Rent.

(b) Event of Loss. In the event that any Car shall be or become (i) lost, stolen or destroyed, (ii) in the reasonable opinion of Lessee, irreparably damaged or damaged beyond economic repair, from any cause whatsoever or (iii) seized, taken or requisitioned by condemnation or otherwise prior to the actual redelivery of such Car to Lessor, if such act results in loss of possession by Lessee for a period of more than 90 consecutive days or for a stated period which exceeds the then remaining term of this Lease with respect to such Car (any such event being herein called an "Event of Loss"), Lessee shall fully inform Lessor and Lender within 20 days from the date on which Lessee first obtains knowledge of such Event of Loss in regard thereto, and Lessee shall pay Lessor, on the Loss Payment Date for such Car, in immediate available funds, an amount equal to the sum of (i) the Loss Value of such Car as of such Loss Payment Date plus (ii) any accrued and unpaid Basic Rent as of the Rent Payment Date next preceding such Loss Payment Date plus (iii) all accrued and unpaid Addi-

tional Rent (other than such Loss Value) hereunder. Upon the making of such payment by Lessee, Basic Rent with respect to such Car shall cease to accrue, the term of this Lease as to such Car shall terminate and all of Lessor's right, title and interest in such Car shall automatically pass to Lessee on an as-is, where-is basis and without recourse, representation or warranty, express or implied (except that such Car is free and clear of Lessor's Liens). Lessee shall determine, within 30 days after the date of occurrence of damage to Car, whether such Car can be repaired, and if Lessee determines that it can, Lessee will cause such Car to be repaired within 90 days of the date of occurrence of damage. If Lessee determines that such Car cannot be repaired, an Event of Loss as to such Car shall be deemed to have occurred on the date of occurrence of damage. Except as provided hereinabove in this Section 15(b), Lessee shall not be released from its obligations hereunder in the event of, and shall bear the risk of, any such Event of Loss to any Car after its Delivery Date hereunder and prior to termination of this Lease and the return by Lessee to Lessor of such Car pursuant to Section 22 hereof.

SECTION 16. REPAIR AND MAINTENANCE.

During the term of this Lease, Lessee shall at its sole expense maintain and keep all of the Cars subject to this Lease in good order, condition and repair, qualified for use in interchange as applied to rolling stock of the age of the cars with mechanical specifications contained in Exhibit B of the Reconditioning Agreement, and shall use the Cars only in the manner for which they were designed and intended and so as to subject them only to ordinary wear and tear. Any parts installed or replacements made by Lessee upon any Car pursuant to Section 18 hereof or pursuant to its obligation to maintain and keep the Cars in good order, condition and repair under this Section 16 shall be considered accessions to such Car and title thereto shall be immediately vested in Lessor without cost or expense to Lessor. Lessee shall make no other additions or improvements to any Car (except those additions or replacements described in Section 18 hereof), without the prior written consent of Lessor and Lender, unless the same are readily removable without causing material damage to such Car. Title to any such readily removable additions or improvements shall remain with Lessee. If Lessee shall cause such readily removable additions or improvements to be made to any Car, Lessee agrees that it will, prior to the return of such Car to Lessor hereunder, remove the same at its own expense without causing material damage to such Car.

SECTION 17. DISCLAIMER OF WARRANTIES.

(a) LESSOR MAKES NO WARRANTY OR REPRESENTATION, EITHER EXPRESSED OR IMPLIED, AS TO THE DESIGN, OPERATION OR CONDITION OF, OR AS TO THE QUALITY OF THE MATERIAL, EQUIPMENT OR WORKMANSHIP IN, OR TITLE TO, THE CARS DELIVERED TO LESSEE HEREUNDER, AND LESSOR MAKES NO WARRANTY OF MERCHANTABILITY OR FITNESS OF THE CARS FOR ANY PARTICULAR PURPOSE OR ANY OTHER REPRESENTATION OR WARRANTY WHATSOEVER, IT BEING AGREED THAT ALL SUCH RISKS, AS BETWEEN LESSOR AND LESSEE, ARE TO BE BORNE BY LESSEE, AND THE BENEFITS OF ANY AND ALL IMPLIED WARRANTIES OF LESSOR ARE HEREBY WAIVED BY LESSEE. LESSOR SHALL NOT BE RESPONSIBLE FOR INCIDENTAL OR CONSEQUENTIAL DAMAGES.

(b) Lessor hereby irrevocably appoints and constitutes Lessee its agent and attorney-in-fact during the term of this Lease, so long as Lessee shall not be in default hereunder, to assert from time to time, in the name of and for account of Lessor, but for the benefit of Lessee, whatever claims and rights including warranties of the Cars which Lessor may have against the manufacturer, Contractor, any subcontractors of the manufacturer or Contractor or any vendors. To the extent that any claims or rights of Lessor with respect to the Cars may not be assigned or otherwise made available to Lessee, Lessor will, at the request of Lessee, use its best efforts, at Lessee's cost, to enforce such claims or rights. Lessee shall indemnify, protect, save, defend and hold harmless Lessor from and against any and all claims, and all costs, expenses, damages, losses and liabilities incurred or suffered by Lessor in connection therewith, as a result of, or incident to, any action by Lessee pursuant to the foregoing authorization or by Lessor acting at Lessee's request.

SECTION 18. OPERATING RULES AND REGULATIONS.

Lessee agrees to comply with all governmental laws, regulations and requirements, including the Interchange Rules and all other rules of the Association of American Railroads (or any successor thereto) and the Interstate Commerce Commission, as applied to rolling stock of the age of the Cars with mechanical specifications contained in Exhibit B of the Reconditioning Agreement, with respect to the use, maintenance and operation of each Car subject to this Lease. In case any equipment or appliance on any Car shall be required to be changed or replaced, or any additional or other equipment or appliance is required to be installed on such Car in order to comply with such laws, regulations, requirements and rules, Lessee agrees to make such changes, additions and replacements at its own expense and title thereto shall be immediately vested in Lessor.

SECTION 19. OWNERSHIP; LIENS; PERSONAL PROPERTY.

Lessee acknowledges and agrees that the Cars shall at all times be and remain the sole and exclusive property of Lessor and that Lessee has not and by the execution hereof it does not have or obtain, and by payments and performance hereunder it does not and will not have or obtain any title to the Cars or any of them at any time subject to this Lease, nor any property right or interest, legal or equitable, therein, except solely as Lessee hereunder and subject to all the terms hereof.

Lessee will not directly or indirectly create, incur, assume or permit to exist any Lien on or with respect to the Cars, Lessor's title thereto or Lender's security interest therein, except (i) the rights of Lessee under this Lease or any sublessee pursuant and subject to the provisions of Section 20(b) hereof, (ii) Liens created or granted by Lessor under the Finance Agreement or otherwise or resulting from claims against Lessor not related to the transactions contemplated hereby (Liens described in this clause (ii) being hereinafter called "Lessor's Liens"), (iii) Liens for Taxes, either not due and delinquent or being contested in accordance with Section 13 hereof and (iv) undetermined or inchoate materialmen's, mechanics', workmen's, repairmen's or other like Liens arising in the ordinary course of business and, in each case, either not delinquent or which shall have been bonded or the enforcement of which shall have been suspended (but only for the duration of such suspension). Lessee, at its own cost and expense, will promptly pay, satisfy and discharge or take such other action as may be necessary to keep the Cars free and clear of, and duly to discharge, any Lien other than the Liens excepted above.

It is the intention and understanding of both Lessor and Lessee that the Cars shall be and at all times remain separately identifiable personal property. Lessee shall not permit the Cars to be installed in, maintained with, stored or used in such manner or under such circumstances that such Cars might be or become an accession to or confused with such other personal property.

SECTION 20. ASSIGNMENTS.

(a) By Lessor. It is understood and agreed that all Rents and other sums due or to become due or at any time owing or payable by Lessee hereunder (subject to the exceptions referred to in the last paragraph of Section 5 hereof) have been or may be assigned by Lessor, and that the Cars leased hereunder have been or may be mortgaged by Lessor

under a chattel mortgage. In any such event, the right, title and interest of the mortgagee under any such chattel mortgage shall by express terms of such chattel mortgage be subject to the leasehold interest of Lessee in and to the Cars hereunder. In the event an assignment of such Rents and other sums is made as collateral security for an obligation of Lessor, then the right, title and interest of such assignee in and to such Rents and other sums and to receive and collect the same shall not be subject to any abatement, defense, setoff, counterclaim or recoupment whatsoever arising out of any breach of any obligation of Lessor hereunder or by reason of any other indebtedness or liability at any time owing by Lessor to Lessee or from any defects in the Cars. Any such assignee shall be entitled to all the privileges, powers and immunities of Lessor and may, but shall not be obligated to, perform any duty, covenant or condition required to be performed by Lessor under the terms of this Lease, providing that nothing herein contained shall release Lessor of its obligations to Lessee hereunder and Lessee shall look solely to Lessor for the performance thereof.

(b) By Lessee. So long as no Event of Default exists hereunder and Lessee shall have fully complied with the provisions of this Section 20(b), Lessee shall be entitled to sublease one or more of the Cars to, or to permit their use under the terms of car contracts by, one or more sublessees or users incorporated in the United States of America (or any state thereof or the District of Columbia), provided such subleases are (i) necessary, appropriate or helpful to the conduct of Lessee's ordinary business, (ii) consistent with prudent business practice with respect to equipment similar to the Cars and (iii) for a term (including any renewal or extension provisions) which may not extend beyond the term of this Lease with respect to such Car; provided, however, that no Cars shall be used predominantly outside the United States of America within the meaning of Section 48(a) of the Code, nor shall Lessee sublease the Cars to, or permit their use by, any person in whose hands such Cars would not qualify as "section 38 property" within the meaning of the Code. Lessee shall promptly notify Lessor of a sublease of any of the Cars and, except with respect to the sublease agreement with the Southern Pacific, furnish Lessor upon request, with copies of the sublease agreement and all other relevant documents. Any such sublease may provide that the sublessee, so long as it shall not be in default under such sublease, shall be entitled to the possession of the Cars included in such sublease and the use thereof; provided, however, that, except as otherwise provided for below with respect to the sublease agreement with the Southern Pacific, every such

sublease shall provide that upon receipt by such sublessee of written notice from Lessor stating that an Event of Default under this Lease has occurred, all payments otherwise to be made to Lessee under such sublease shall be made directly to Lessor, subject to the rights of Lender under the Finance Agreement (such provision referred to herein as the "Default Payment Provisions"). Lessee shall not, without the prior written consent of Lessor, part with the possession or control of, or suffer or allow to pass out of its possession or control, any of the Cars, except to the extent permitted by the provisions of this Section 20(b).

Nothing in this Section 20(b) shall be deemed to restrict the right of Lessee to assign or transfer its leasehold interest under this Lease in the Cars or possession of the Cars to (i) any solvent corporation incorporated under the laws of any state of the United States of America or the District of Columbia (which shall have specifically assumed the obligations of Lessee hereunder, by an appropriate instrument in writing) into or with which Lessee shall have become merged or consolidated or which shall have acquired the property of Lessee as an entirety or substantially as an entirety, provided that such assignee or transferee will not, upon the effectiveness of such merger, consolidation or acquisition, be in default under any provision of this Lease or (ii) Lender or Parent Guarantor provided (1) such assigneee or transferee delivers to Lessor an assumption agreement, in form and substance reasonably acceptable to Lessor, providing that such assignee or transferee assumes all of the obligations of Lessee under this Lease, (2) the Guarantee and Parent Guarantee remain in full force and effect and apply to the obligations of such assignee or transferee under this Lease and (3) such assignee or transferee will not, upon the effective dates of such assignment or transfer, be in default under any provision of this Lease.

Lessee intends to initially sublease all the Cars subject to this Lease to Southern Pacific for use in its rail transportation business; Lessee hereby represents, warrants and covenants that (i) except for the Default Payment Provisions, such sublease complies with the provisions of this Section 20(b), (ii) upon receipt by the Southern Pacific of written notice from Lender stating that an Event of Default under this Lease has occurred, all payments otherwise to be made to Lessee under the sublease with the Southern Pacific shall be made directly to Lender, as agent for Lessor, and, subject to the rights of Lender under the Finance Agreement, Lender will promptly pay such amounts directly to Lessor and (iii) in the event of any re-sublease of the Cars to the Southern Pacific, such

sublease will comply in all respects and without exception with the provisions of this Section 20(b).

No assignment, sublease or interchange entered into by Lessee hereunder shall relieve Lessee of any liabilities or obligations hereunder which shall be and remain those of a principal and not a surety.

SECTION 21. EVENTS OF DEFAULT.

(a) Events of Default. Each of the following events shall constitute an "Event of Default" hereunder (whether any such event shall be voluntary or involuntary or come about or be effected by operation of law or pursuant to or in compliance with any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

(i) Default by Lessee in making any payment of Daily Rent, Basic Rent or Additional Rent due hereunder, as and when the same shall become due and payable, and such default shall continue unremedied for ten days; or

(ii) Default by Lessee in the observance or performance of any of the covenants of Lessee set forth in Sections 20(b), 22 and 23 hereof; or

(iii) Default by Lessee in the observance or performance of any other covenant, condition or agreement to be performed or observed by Lessee under this Lease or any other document or certificate furnished to Lessor or Lender in connection herewith or pursuant hereto, and such default shall continue for 30 days after written notice thereof from Lessor to Lessee; or

(iv) Any representation or warranty made by Lessee in this Lease (other than in Section 14(c) hereof), by Guarantor in the Guarantee or by Parent Guarantor in the Parent Guarantee or in any other document or certificate furnished by Lessee, Guarantor or Parent Guarantor to Lessor or Lender in connection herewith or therewith or pursuant hereto or thereto, shall prove to be untrue or incorrect in any material respect as of the date of issuance or making thereof; or

(v) Any of Lessee, Guarantor or Parent Guarantor is generally not paying its debts as such debts become due or becomes insolvent or bankrupt or

admits in writing its inability to pay its debts as they mature or makes an assignment for the benefit of creditors or applies for or consents to the appointment of a trustee or receiver for any of its properties or assets; or

(vi) A petition for reorganization under Title 11 of the United States Code (as now or hereafter constituted) shall be filed by or against Lessee, Guarantor or Parent Guarantor and, unless such petition shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue), all the obligations of Lessee under this Lease, of Guarantor under the Guarantee or of Parent Guarantor under the Parent Guarantee, as the case may be, shall not have been and shall not continue to have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees appointed (whether or not subject to ratification) in such proceedings in such manner that such obligations shall have the same status as expenses of administration and obligations incurred by such trustee or trustees, within 60 days after such petition shall have been filed; or

(vii) Any proceedings shall be commenced by or against Lessee, Guarantor or Parent Guarantor for any relief which includes, or might result in, any modification of the obligations of Lessee under this Lease, of Guarantor under the Guarantee or of Parent Guarantor under the Parent Guarantee, as the case may be, or any other document or instrument furnished to Lessor or Lender in connection herewith pursuant hereto, under any bankruptcy or insolvency laws, or laws relating to the relief of debtors, readjustments of indebtedness, reorganizations arrangements, compositions or extensions (other than a law which does not permit any readjustments of the obligations of Lessee hereunder, of Guarantor under the Guarantee or of Parent Guarantor under the Parent Guarantee, as the case may be, or under any such other document or instrument), and, if commenced against Lessee, are consented to or are not dismissed within 60 days after such proceedings shall have been commenced; or

(viii) Default by Guarantor or Parent Guarantor in the observance or performance of any covenant, condition or agreement to be observed or performed by Guarantor under the Guarantee or by Parent Guarantor

under the Parent Guarantee, as the case may be, and such default continues unremedied for five days.

(b) Remedies. Upon the occurrence of any Event of Default and at any time thereafter so long as the same shall be continuing and shall not have been remedied, Lessor may, at its option (but subject to the rights of Guarantor and Parent Guarantor under Section 21(c) hereof), declare this Lease to be in default and, at any time thereafter, may exercise one or more of the following remedies, as Lessor in its sole discretion shall elect:

(i) Lessor may proceed by appropriate court action, either at law or in equity, to enforce performance by Lessee of the applicable covenants of this Lease or to recover damages for the breach thereof.

(ii) Lessor may, subject to the rights of any Sublessee, by notice in writing, terminate this Lease as to any or all Cars, whereupon all rights of Lessee to the use of such Cars shall absolutely cease and terminate but Lessee shall remain liable as herein provided; and thereupon Lessee, if so requested by Lessor, shall at the expense of Lessee promptly return such Cars to the possession of Lessor at such place as Lessor shall designate pursuant to Section 22(b) of this Lease and in the condition required upon the return thereof at the expiration of this Lease.

(iii) Lessor may, subject to the rights of any Sublessee, enter upon the premises where any Car is located and take immediate possession of and remove such Car, all without liability on the part of Lessor for or by reason of such entry or taking possession, whether for the restoration of damage to property caused by such taking or otherwise, and without such action constituting a termination of this Lease as to such Car unless Lessor expressly notifies Lessee in writing to that effect.

(iv) Lessor may, subject to the rights of any Sublessee, sell any or all Cars at public or private sale, with notice to Lessee but with or without advertisement, in such manner as Lessor may determine, or otherwise dispose of, hold, use, operate, lease to others or keep idle any or all thereof, as Lessor in its sole discretion may determine and all free and clear of any rights of Lessee and without any duty to account to Lessee with respect to such action or inaction or for any proceeds with respect thereto, except to the extent required by paragraph (vi) below

in the event Lessor elects to exercise its rights under said paragraph in lieu of its rights under paragraph (v) below; provided, however, that the sale price to an affiliate of the Lessor may not be less than Fair Market Value.

(v) Whether or not Lessor shall have exercised, or shall thereafter at any time exercise, any of its rights under paragraphs (ii), (iii) or (iv) above, Lessor, with respect to any Car, by written notice to Lessee specifying a payment date not earlier than 15 days from the date of such notice ("Payment Date"), may demand that Lessee pay to Lessor, whereupon Lessee shall pay to Lessor, on the Payment Date, as liquidated damages for loss of a bargain and not as a penalty (x) any unpaid Additional Rent, (y) any unpaid Basic Rent with respect to such Car due up to and including the Rent Payment Date (or the date which would have been such Rent Payment Date but for the termination of this Lease) next preceding the Rent Payment Date preceding the Payment Date and (z) whichever of the following amounts Lessor, in its sole discretion, shall specify in such notice (together with interest on such amount at the Late Payment Rate from the Payment Date to the date of actual payment):

(A) An amount equal to the Loss Value of such Car, such Loss Value computed as of the Rent Payment Date next preceding the Payment Date; provided, however, that Lessor shall be entitled without deduction to such amount for such Car only if Lessor shall have demanded the return of such Car pursuant to paragraph (ii) above and Lessee shall have failed to return such Car in accordance with the terms of said paragraph;

(B) An amount equal to the excess, if any, of the Loss Value of such Car computed as of the Rent Payment Date next preceding the Payment Date over the Fair Market Rental Value (computed in the manner described in the penultimate paragraph of this Section 21(b)) of such Car for the remainder of the lease term hereunder of such Car after discounting at the Late Payment Rate such Fair Market Rental Value on such periodic basis as Basic Rent is payable hereunder to present worth as of the Payment Date; or

(C) An amount equal to the excess, if any, of the Loss Value of such Car computed as of the Rent Payment Date next preceding the Payment Date

over the Fair Market Value (computed in the manner described in the penultimate paragraph of this Section 21(b)) of such Car as of the Payment Date.

(vi) In the event Lessor, pursuant to paragraph (iv) above, shall have sold any Car, Lessor, in lieu of exercising its rights under paragraph (v) above with respect to such Car, may, if it shall so elect, demand that Lessee pay Lessor, whereupon Lessee shall pay to Lessor, as liquidated damages for loss of a bargain and not as a penalty (x) any unpaid Additional Rent, (y) any unpaid Basic Rent with respect to such Car due up to but not including the Rent Payment Date (or the date which would have been such Rent Payment Date but for the termination of this Lease) preceding the date of such sale and (z) the amount of any deficiency between the net proceeds of such sale and the Loss Value of such Car computed as of the date of such sale, together with interest at the Late Payment Rate on such amount from the date of such sale to the date of actual payment.

(vii) Lessor may avail itself of any other remedy provided by any statute or otherwise available at law, in equity or in bankruptcy.

Fair Market Value shall be determined on the basis of, and shall be equal in amount to, the value which would obtain in an arm's-length transaction between an informed and willing buyer-user (other than (i) a buyer currently in possession and (ii) a used equipment dealer) and an informed and willing seller under no compulsion to sell and, in such determination, costs of removal from the location of current use shall not be a deduction from such value. Fair Market Rental Value shall be determined on the basis of, and shall be equal in amount to, the rental which would obtain in an arm's-length transaction between an informed and willing lessee (other than (i) a lessee currently in possession or (ii) a used equipment dealer) and an informed and willing lessor under no compulsion to lease. For purposes of this Lease the following procedure shall be followed for determining the Fair Market Value or Fair Market Rental Value of any property: If either party hereto shall have given written notice to the other requesting determination of such value, the parties shall attempt to agree upon such value, and, failing such agreement within 20 days after the giving of such notice, the parties shall consult for the purpose of appointing one qualified independent appraiser by mutual agreement. If no such appraiser shall be so appointed within 30 days after such notice shall have been given, each party shall appoint an independent appraiser (which shall

not be a manufacturer of such property) within 35 days after such notice shall have been given, and the two appraisers so appointed shall within 40 days after such notice shall have been given appoint a third independent appraiser (which shall not be a manufacturer of such property). If no such third appraiser shall be so appointed within 50 days after such notice shall have been given, either party may apply to the American Arbitration Association (or any successor thereto) at San Francisco, California, for the appointment of a third appraiser, and both parties shall be bound by any appointment made by such Association. Each appraiser appointed pursuant to the foregoing procedure shall be instructed to determine the Fair Market Value or Fair Market Rental Value, as the case may be, of the property in question, in accordance with the foregoing definitions, within 30 days after his appointment. If the parties shall have appointed a single appraiser, his determination of value shall be final and binding as the Fair Market Value or the Fair Market Rental Value, as the case may be. If three appraisers shall have been appointed as hereinabove set forth, the values determined by the three appraisers shall be averaged, the determination which shall differ most from such average shall be disregarded, the remaining two determinations shall be averaged, and such average shall be final and binding as the Fair Market Value or the Fair Market Rental Value, as the case may be. All expenses and fees of such appraisers shall be borne by Lessee.

No remedy referred to in this Section 21(b) is intended to be exclusive, but each shall be cumulative and in addition to any other remedy referred to above or otherwise available to Lessor at law, in equity or in bankruptcy, and the exercise or beginning of exercise by Lessor of any one or more of such remedies shall not preclude the simultaneous or later exercise by Lessor of any or all such other remedies. No express or implied waiver by Lessor of any Event of Default hereunder shall in any way be or be construed to be a waiver of any future or subsequent Event of Default. To the extent permitted by applicable law, Lessee hereby waives any rights now or hereafter conferred by statute or otherwise which may require Lessor to take any judicial proceedings in connection with the Equipment or to give any notice or to sell, lease or otherwise use any Car in mitigation of Lessor's damages as set forth in this Section 21(b) or which may otherwise limit or modify any of Lessor's rights or remedies under this Section 21(b). Lessee shall be liable for any and all unpaid Additional Rent due hereunder before, after or during the exercise of any of the foregoing remedies and for all reasonable legal fees and other costs and expenses incurred by Lessor by reason of the occurrence of any Event of Default or the

exercise of Lessor's remedies with respect thereto, including all costs and expenses incurred by Lessor in connection with the return of any Car in accordance with the terms hereof or the placing of such Car in the condition required hereunder.

(c) Certain Rights of Guarantor. So long as no Event of Default specified in Sections 21(a)(iv), (v), (vi) or (vii) hereof, insofar as such Sections relate to Guarantor or Parent Guarantor, or in Section 21(a)(viii) hereof, shall have occurred and be continuing, upon the occurrence of any default (referred to in this Section 21(c) as "Section 21(c) Defaults") under Section 21(a)(i) hereof, Section 21(a)(ii) (by reason of Section 22), or Section 21(a)(iii) (by reason of either Sections 15, 16, 18, 19 or 26), without regard to any cure periods therein set forth, Lessor shall give Guarantor written notice of such default, whereupon Guarantor shall have the right to cure such default within five days with respect to a default under Section 21(a)(i) and 21(a)(ii) (by reason of Section 22), 30 days with respect to a default under Sections 21(a)(iii) (by reason of Sections 15, 18, 19 or 26) and 90 days with respect to a default under Section 21(a)(iii) (by reason of Section 16) provided Guarantor or Parent Guarantor notifies Lessor in writing within two days of receipt of the written notice of Lessee's default of Guarantor's or Parent Guarantor's exercise of its right to cure. So long as Guarantor or Parent Guarantor cures such Section 21(c) Defaults and such cure or cures continue in full force and effect, no such Event of Default with respect to such Section 21(c) Defaults shall be deemed to have arisen. Guarantor shall not, by exercising the right to cure any such Section 21(c) Defaults, obtain any Lien on any of the Cars for or on account of any costs or expenses incurred in connection with the exercise of such right.

If Guarantor or Parent Guarantor elects to cure any Section 21(c) Defaults, they hereby agree to assume liability for, and do hereby indemnify and agree to indemnify, protect, save and hold harmless Lessor on an After-Tax Basis from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, judgments, costs, expenses and disbursements (including, without limitation, the fees and expenses of lawyers, accountants and other experts) of any kind and nature whatsoever without any limitations as to amount which may be imposed on, incurred by, or asserted against, Lessor, in any way relating to or arising out of their election to cure under this Section 21(c).

SECTION 22. SURRENDER OF THE CARS.

(a) Expiration. Unless Lessee shall have exercised its option under either Section 8 or Section 9 hereof, upon expiration of the Primary Term or any Evergreen Term of this Lease with respect to any Car, Lessee, at its own expense and risk, will at the request of Lessor, deliver possession of such Car to Lessor upon such storage tracks of Southern Pacific, or such other Western railroad or such other tracks within the continental United States as Lessee may designate, or in the absence of such designation, as Lessor may select, and permit Lessor to store such Car on such tracks for a period not exceeding the lesser of (i) 60 days after all Cars leased hereunder are delivered to such tracks and (ii) 180 days and transport the same at any time within such period to any reasonable place on any railroad lines in the Western United States designated by Lessor upon not less than 30 days' written notice to Lessee. All such movement (but not to exceed one movement for each Car to the storage tracks described above and from such storage tracks to the redelivery location designated by Lessor as described above) and storage of each such Car is to be at the risk and expense of Lessee.

(b) Default. If this Lease shall terminate in respect of any of the Cars pursuant to Section 21 hereof, Lessee shall, subject to the rights of a Sublessee, forthwith deliver possession of such Cars to Lessor and shall give prompt telegraphic and written notice to the American Association of Railroads and all railroads having possession of any Car so to return such Cars. For the purpose of delivering possession of any Car or Cars to Lessor as above required, Lessee will, at its own expense and risk: (i) forthwith and in the usual manner cause such Cars to be transported to such storage tracks of Southern Pacific, or such other Western railroad, as shall be designated by Lessor or in the absence of such designation, as Lessee may select, and there assembled; (ii) furnish or arrange for Lessor to store such Cars on any lines of railroad or premises approved by Lesser until such Cars have been sold, leased or otherwise disposed of by Lessor; and (iii) cause such Cars to be transported to such interchange point or points as shall be designated by Lessor upon any sale, lease or other disposition of all or any of such Cars. All movement and storage of each Car is to be at the risk and expense of Lessee.

(c) General. All Cars returned to Lessor under this Lease shall be in the condition in which such Cars are required to be maintained pursuant to Section 16 hereof and shall be free and clear of all Liens other than Lessor's Liens; Lessee shall pay for any necessary repairs to place

such Cars in such condition and will pay and discharge all such Liens. The assembling, delivery, storage and transporting of the Cars as hereinbefore provided shall be at the expense and risk of Lessee and are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises Lessor shall be entitled to a decree against Lessee requiring specific performance of the covenants of Lessee so to assemble, deliver, store and transport the Cars. During any storage period, Lessee will, at its own expense and risk, maintain and keep the Cars in good order and repair, will keep and maintain insurance in respect thereof in the manner provided in the first paragraph of Section 23 hereof and will permit Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser of any Car, to inspect the same. All amounts earned in respect of Cars after the date of termination of this Lease with respect to such Cars shall belong to Lessor and, if received by Lessee, shall be promptly turned over to Lessor. In the event any Car is not assembled, delivered and stored, as hereinabove provided, within 30 days after such termination, Lessee shall, in addition, pay Daily Rent to Lessor for each day thereafter.

SECTION 23. INSURANCE.

During the Primary Term of this Lease and any Evergreen Term and while the Cars are being assembled, stored and transported pursuant to Section 22 hereof, Lessee shall, at its own expense, keep or cause to be kept each Car insured against loss on an "all risk" basis in an amount at least equal to the Loss Value for such Car. Lessee shall also maintain general public liability insurance with respect to the Cars against damage because of bodily injury, including death, or damage to property of others, such insurance to afford protection to the limit of not less than $25,000,000 per occurrence combined single limit or such greater amount as Lessor shall reasonably require. All such insurance shall cover the interest of Lessor, Lessee and Lender in the Cars and liability insurance shall name Lessor and Lender as additional insureds in respect of risks arising out of the condition, the maintenance, use or ownership of the Cars and shall provide that losses, if any, in respect of the Cars shall be payable to Lessee, Lessor and Lender, as their respective interests may appear. All policies of insurance maintained pursuant to this Section 23 shall provide that the insurer thereunder waives all rights of subrogation against Lessor, Lessee and Lender, that 30 days' prior written notice of expiration or termination shall be given to Lessor and Lender and that such insurance

as to the interest of Lessor and Lender therein shall not be invalidated by any act or neglect of Lessee or by any foreclosure or other remedial proceedings or notices thereof relating to the Cars or any interest therein nor by any change in the title or ownership of the Cars or any interest therein or with respect thereto, or by the use or operation of the Cars for purposes more hazardous or in a manner more hazardous than is permitted by such policy. No such policy shall contain a provision relieving the insurer thereunder of liability for any loss by reason of the existence of other policies of insurance covering the Cars against the peril involved, whether collectible or not; provided, however, that such policy may relieve the insurer thereunder of such liability to the extent that payment is made by a railroad company as compensation for the destruction beyond repair of a Car pursuant to applicable rules of the Interstate Commerce Commission, the United States Department of Transportation and the American Association of Railroads. The loss, if any, under any policy covering the Cars shall be adjusted with the insurance companies by Lessee, subject to the approval of Lessor and Lender if the loss exceeds $100,000. All such policies shall provide that the loss, if any, thereunder shall be adjusted and paid as provided in this Lease. Lessee shall furnish Lessor and Lender with certificates of independent insurance brokers or other satisfactory evidence of maintenance of the insurance required hereunder and with respect to any renewal policy or policies shall furnish certificates evidencing such renewal prior to the expiration date of the original policy or policies. All such policies shall provide that the same shall not be cancelled or materially changed without at least 30 days' prior written notice to each assured named therein.

The proceeds of any insurance received by Lessor or Lender on account of or for any loss or casualty in respect of any Car shall be applied as follows: (i) if such Car has been repaired, such proceeds shall be paid to Lessee upon a written application signed by any authorized officer of Lessee for the payment of, or to reimburse Lessee for the payment of, the cost of repairing such Car so long as the repair parts become immediately subject to all of the terms and conditions of this Lease and all public filings, recordings and registrations necessary or expedient to vest title thereto in Lessor are accomplished by Lessee at its expense (which application shall be accompanied by satisfactory evidence of such cost and of the completion of such repair) or (ii) if this Lease is terminated with respect to such Car as a result of an Event of Loss, such proceeds shall be applied in accordance with Section 15; provided that, if Lessee is at the time of the application in default in the

payment of any other liability of Lessee to Lessor hereunder such proceeds shall be applied against such liability.

For so long as Lessee, or any Sublessee whose credit has been approved in writing by Lessor (which approval shall not be unreasonably withheld), remains a qualified self-insurer under the applicable laws of the states within which it operates, the provisions of this Section 23 requiring Lessee to maintain insurance policies in the form and amounts set forth shall be waived provided Lessee, upon the request of Lessor, promptly furnishes to Lessor an opinion of counsel, in form and substance satisfactory to Lessor, to the effect that the Sublessee is obligated to indemnify Lessor in a manner consistent with the provisions of this Section 23. Such opinion shall have attached to it all documents which serve as the basis for such counsel's opinion.

Lessor hereby acknowledges that Southern Pacific is a qualified self-insurer under the applicable laws of the states within which it operates, and hereby waives the requirements of the first paragraph of this Section so long as Southern Pacific is the sublessee of the Cars; provided, however, that Lessee shall, upon the request of Lessor, promptly furnish Lessor with an opinion of counsel, in form and substance satisfactory to Lessor, to the effect that the Southern Pacific is obligated to indemnify Lessor in a manner consistent with the provisions of this Section 23. Such opinion shall have attached to it all documents which serve as the basis for such counsel's opinion.

SECTION 24. NET LEASE.

This Lease is a net lease and Lessee acknowledges and agrees that Lessee's obligation to pay all Rent payable hereunder, and the rights of Lessor in and to such Rent, shall be absolute and unconditional and shall not be subject to any abatement, reduction, setoff, defense, counterclaim or recoupment whatsoever, including without limitation, abatements, reductions, setoffs, defenses, counterclaims or recoupments due or alleged to be due to, or by any reason of, any past, present or future claims which Lessee may have against Lessor, the manufacturer, any lenders or against any Person for any reason whatsoever; nor, except as otherwise expressly provided herein, shall this Lease terminate, or the respective obligations of Lessor or Lessee be otherwise affected, by reason of any defect in the Cars, the condition, design, operation or fitness for use thereof, or any damage to, or any loss or destruction of, or any liens, encumbrances, security interests or rights of others with

respect to the Cars, any prohibition or interruption of or other restriction against Lessee's use, operation or possession of the Cars for any reason whatsoever, the interference with such use, operation or possession by any private person or entity, or by reason of any other indebtedness or liability, howsoever and whenever arising, of Lessor, Lessee or any lenders to any other Person or by any governmental authority, or by reason of any insolvency, bankruptcy or similar proceedings by or against Lessor or Lessee, or for any other cause whether similar or dissimilar to the foregoing, any present law to the contrary notwithstanding, it being the intention of the parties hereto that the Rent payable by Lessee hereunder shall continue to be payable in all events and in the manner and at the times herein provided unless the obligation to pay the same shall be terminated pursuant to the express provisions of this Lease.

SECTION 25. NOTICES.

Any notice from one party to the other shall be in writing and shall be deemed to have been duly given when delivered personally or when deposited in the United States mail, postage prepaid, addressed as follows:

If to Lessor: California Group Services
P.O. Box 8012
1717 North California Boulevard
Walnut Creek, California 94596

If to Lessee: Greenbrier Leasing Corporation
P.O. Box 568
503 High Street
Oregon City, Oregon 97045

Either Lessor or the Lessee may at any time change such address by delivering or mailing as aforesaid 10 days' prior written notice of such change in address.

SECTION 26. ANNUAL REPORTS AND INSPECTION.

Lessee agrees to maintain a standard and modern system of accounting in accordance with generally accepted principles of accounting, and will furnish Lessor and Lender as soon as available and in any event within 90 days after the close of each fiscal year of Lessee, financial statements in the form furnished to its banks covering the financial condition and results of operations of Lessee for such fiscal year and containing a balance sheet as at the end of such year and statements of income and earned surplus for such year, each on a comparative basis with corresponding statements for the preceding fiscal year. Lessee shall

also furnish from time to time to Lessor and Lender such additional information as to its financial condition and operations as either of them may reasonably request.

Lessee shall permit inspection of the Cars from time to time by agents of Lessor and Lender, at Lessor's and Lender's sole cost and expense, and Lessee shall furnish to Lessor on demand from time to time, at Lessee's sole cost and expense, if requested by Lessor or Lender, a statement showing the condition of the Cars, what, if any, substantial repairs, alterations, and additions have been made upon, in or to any Cars since the delivery thereof or the last preceding report, as the case may be, and such other information regarding the location, condition and state of repair of the Cars as Lessor or Lender may reasonably request.

SECTION 27. RECORDING.

Lessee, at its own expense, will cause this Lease and the Finance Agreement to be filed in accordance with 49 U.S.C. § 11303(a). Lessee will, at its own expense, undertake the filing, registering, deposit, and recording, if any, required of Lessor under the Finance Agreement and will from time to time do and perform any other act and will execute, acknowledge, deliver, file, register and record (and will refile, re-register, deposit and redeposit or record whenever required) any and all further instruments required by law or reasonably requested by Lessor or Lender for the purpose of proper protection, to their satisfaction, of Lessor's and Lender's respective interests in the Cars, or for the purpose of carrying out the intention of this Lease or the Finance Agreement. Lessee will promptly furnish to Lessor and Lender evidence of all such filing, registering, depositing or recording, and an opinion or opinions of counsel for Lessee with respect thereto satisfactory to the Lessor and Lender. This Lease and the Finance Agreement shall be filed with the Interstate Commerce Commission pursuant to 49 U.S.C. § 11303(a) prior to the Document Closing Date.

SECTION 28. LESSORS'S RIGHT TO PERFORM FOR LESSEE.

If Lessee fails to duly and promptly pay, perform or comply with any of its obligations, covenants and agreements under this Lease, Lessor may itself pay, perform or comply with any of such obligations for the account of Lessee, without thereby waiving any Event of Default, and any amount paid or expense incurred by Lessor in connection therewith (including reasonable attorneys' fees) shall, together with interest at the Late Payment Rate, be payable to Lessor on demand.

SECTION 29. BINDING EFFECT.

This Lease shall be binding upon and shall inure to the benefit of Lessor and Lessee and their respective successors and assigns.

SECTION 30. SEVERABILITY.

Any provision of this Lease prohibited or unenforceable in any jurisdiction shall be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

SECTION 31. LESSEE'S RIGHT TO POSSESSION AND USE.

Anything to the contrary herein contained notwithstanding, Lessee's right to possession and use of the Cars shall not be interfered with by Lessor, its successors or assigns, as long as Lessee is not in default and performs all of its obligations hereunder.

SECTION 32. GOVERNING LAW.

This Lease shall be construed in accordance with and shall be governed by the laws of the State of California.

SECTION 33. EXECUTION IN COUNTERPARTS.

This Lease may be executed in any number of counterparts, each counterpart constituting an original but all together one and the same instrument and contract.

IN WITNESS WHEREOF, the parties hereto have caused this Lease to be executed in their respective names as of the date first above written.

CALIFORNIA GROUP SERVICES

By _____
Title: President

GREENBRIER LEASING CORPORATION

By _____
Title: President

STATE OF CALIFORNIA)
) ss:
CITY AND COUNTY OF SAN FRANCISCO)

On this 4th day of February, 1983, before me personally appeared DAVID Fred Shieman, to me personally known, who being by me duly sworn, says that he resides at 1717 N. CAL. BLVD. WALNUT CREEK, CA; that he is President of CALIFORNIA GROUP SERVICES, that said instrument was signed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Kathleen G. Hackney
Notary Public

[NOTARIAL SEAL]

My commission expires:

OFFICIAL SEAL
KATHLEEN A. HACKNEY
NOTARY PUBLIC - CALIFORNIA
COUNTY OF ALAMEDA
My Commission Expires July 13, 1984

STATE OF California)
) ss:
City & Co. of San Francisco

On this 4th day of February, 1983, before me personally appeared William A. Fuirman, to me personally known, who being by me duly sworn, says that he resides at 503 High St., Oregon City, OR; he is President of GREENBRIER LEASING CORPORATION, that said instrument was signed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Kathleen G. Hackney
Notary Public

[NOTARIAL SEAL]

My commission expires:

OFFICIAL SEAL
KATHLEEN A. HACKNEY
NOTARY PUBLIC - CALIFORNIA
COUNTY OF ALAMEDA
My Commission Expires July 13, 1984

Exhibit A

DESCRIPTION OF EQUIPMENT

Number of Cars	Description	Identifying Mark and Numbers
360	70-Ton Trailer-On-Flatcars	SP 900131 through SP 900490, both inclusive

Exhibit B

Certificate of Acceptance

Greenbrier Leasing Corporation, as Lessee under a Railroad Equipment Lease dated as of November 1, 1982, with California Group Services (the "Lease"), hereby certifies that it has received and inspected the following reconditioned and modified railroad cars, in accordance with Section 2 of the Lease, specifically:

on the date written below, and such cars are in good order, condition and repair, are ready for service, and are accepted on such date for all purposes of, and subject to, the Lease.

GREENBRIER LEASING CORPORATION

_____ By_____

Date

Title:_____

Exhibit C

GUARANTEE AGREEMENT

Dated as of January 1, 1983,

By

SCHRODER LEASING CORPORATION

In Favor of

CALIFORNIA GROUP SERVICES

---

relating to

360 Reconditioned Railroad Cars

THIS GUARANTEE AGREEMENT dated as of January 1, 1983, by and between SCHRODER LEASING CORPORATION, a New York corporation ("Guarantor"), and CALIFORNIA GROUP SERVICES, a California corporation ("CGS").

W I T N E S S E T H

WHEREAS, CGS has purchased or is purchasing 360 used multilevel railroad cars, and CGS is causing such cars to be reconditioned and modified for trailer-on-flatcar use, such purchases, reconditioning and modification being financed in part by Guarantor; and

WHEREAS, CGS is entering into a Railroad Equipment Lease dated as of the date hereof (the "Lease") with Greenbrier Leasing Corporation, a Delaware corporation ("Lessee"); and

WHEREAS, Lessee has furnished to Guarantor good and valuable consideration for the entering into by Guarantor of this Guarantee, the receipt and adequacy of which is hereby acknowledged by Guarantor;

NOW, THEREFORE, as an inducement to CGS to enter into the Lease and in consideration of the premises, Guarantor and CGS covenant and agree as follows:

1. Guarantor hereby unconditionally guarantees to CGS, without offset or deduction, the punctual payment of (i) all amounts payable by Lessee to CGS pursuant to Section 5 of the Lease, and all amounts payable by Leesee to CGS pursuant to Section 6 of the Lease which are payable by reason of Sections 8, 8A, 12, 13, 15 and 19 (to the extent Section 19 relates to any lien of First Pennsylvania Bank, N.A.) of the Lease, when and as such payments shall become due and payable, according to the terms of the Lease, and (ii) all amounts payable by Lessee to CGS pursuant to Section 6 of the Lease which are payable by reason of Section 14 of the Lease, to the extent provided in the next paragraph, the guarantee under this paragraph 1 constituting a guarantee of payment and not of collection. Guarantor does hereby agree that in the event that Lessee does not or is unable so to pay in accordance with the terms of the Lease for any reason (including, without limitation, the liquidation, dissolution, receivership, insolvency, bankruptcy, assignment for the benefit of creditors, reorganization, arrangement, composition or readjustment of, or other similar proceedings affecting the status, existence, assets or obligations of, Lessee or the limitation of damages for

the breach, or the disaffirmance of the Lease, in any such proceeding) it will pay the amounts herein guaranteed, or amounts equal thereto (it being the intention hereof that Guarantor shall pay to Lessor, as a payment obligation directy due from Guarantor to CGS, under this Guarantee amounts equal to all amounts herein guaranteed which Lessee shall fail to faithfully and properly pay when due under the Lease), or otherwise provide for and bring about promptly when due such payments. The obligations of Lessee hereby guaranteed are hereinafter referred to as the "Obligations." In case of the failure of Lessee to make any such payment, Guarantor hereby agrees to make, or cause to be made, such payment punctually upon receipt of a certificate in the form of Annex I, and as if such payment were made by Lessee.

2. Payments made pursuant to clause (ii) of paragraph 1 of this Guarantee shall not exceed twenty-five percent (25%) of Lessor's Cost (as such term is defined in the Lease) for each Car which has suffered a Loss (as such term is defined in the Lease), for the period in which the Loss occurred, reduced by all prior payments pursuant to clause (ii) of paragraph 1 of this Guarantee with respect to such Car, provided that the limitation contained in this paragraph shall not apply to amounts paid by Guarantor pursuant to clause (ii) of paragraph 1 which are intended to reimburse CGS for the portion of a Loss which is attributable to amounts of interest and penalties, if any, which are assessed against CGS by the Internal Revenue Service on account of a Loss.

3. Upon receipt of formal notification by Federal or California taxing authorities of a claim being made by such authorities which, if successful, would result in a Loss under circumstances which would require Lessee to indemnify for such Loss under Section 14 of the Lease, CGS hereby agrees to give Guarantor written notice of such claim and to take such action in connection with contesting such claim as Guarantor shall reasonably request in writing from time to time, provided that (i) within 30 days after notice by CGS to Guarantor of such claim, Guarantor shall request that such claim be contested, (ii) CGS, at its sole option, may forego any and all administrative appeals, proceedings, hearings and conferences with such taxing authorities in respect of such claim and may, at its sole option, either pay the tax claimed and sue for a refund or contest the claim in any permissible forum considering, however, in good faith such request as Guarantor shall make concerning the most appropriate forum in which to proceed, (iii) prior to taking such action, Guarantor shall have furnished CGS with an opinion of independent tax counsel satisfactory to CGS to the effect that a meritorious defense exists to such claim and (iv) Guarantor shall have indemnified CGS in a manner

reasonably satisfactory to it for any liability or loss which CGS may incur as the result of contesting such claim and shall have agreed to pay CGS on demand all costs and expenses which CGS may incur in connection with contesting such claim, including, without limitation, (A) reasonable attorneys', accountants' and investigatory fees and disbursements and (B) the amount of any interest, penalty or fine which may ultimately be payable as the result of contesting such claim. Notwithstanding anything to the contrary set forth above in this paragraph, CGS may, in its sole discretion, refuse to contest the disallowance of the Benefits (as such term is defined in the Lease), but, in that event, if Guarantor has complied with the requirements of clauses (i), (iii) and (iv) above, Guarantor shall be discharged of its obligation to make payment to CGS in respect of such Loss pursuant to this Guarantee.

4. Guarantor hereby agrees that its obligations under this Guarantee shall be absolute and unconditional, irrespective of the validity, regularity or enforceability of the Lease, the absence of any action to enforce the same, the recovery of any judgment against Lessee or any action to enforce the same, or any other circumstance which might otherwise constitute a legal or equitable discharge or defense of a guarantor. Guarantor hereby waives diligence, demand of payment, protest, filing of claims with a court in the event of merger or bankruptcy of Lessee, any right to require a proceeding first against Lessee, notice and all demands except for the certificate required by paragraph 1 and contained in Annex I, with respect to each payment due under the Lease, and covenants that this Guarantee will not be discharged except by payment as herein provided and then only to the extent of such payment. The obligations of Guarantor under this Guarantee shall not be released or discharged by reason of: (i) the waiver by CGS, or its successors or assigns, of the performance or observance by Lessee of the agreements, covenants, terms or conditions contained in the Lease, or any default thereunder, (ii) the extension of the time for payment by Lessee of any rents or other sums or any part thereof owing or payable under the Lease, or of the time for performance by Lessee of any other obligations under or arising out of or on account of the Lease, or the extension or renewal of the Lease, (iii) any failure, omission or delay of CGS, or its successors or assigns, to enforce, assert or exercise any right, power or remedy conferred on CGS, or its successors or assigns, in the Lease, or any action on the part of CGS, or its successors or assigns, granting extension or indulgence in any form, (iv) any transfer, sublease or assignment by Lessee or CGS of its interest, or any part thereof, in and to the Cars as permitted by the Lease, (v) any compromise, settlement,

release, renewal, extension, indulgence, change in or waiver or modification of any of the Obligations or the release or discharge of Lessee from the performance or observance of any of the Obligations by operation of law, (vi) any assignment, sublease or mortgaging or the purported assignment, sublease or mortgaging of all or any part of the interest of Lessee in the Lease or in the Cars or (vii) the voluntary or involuntary liquidation, dissolution, sale or other disposition of all or substantially all the assets and liabilities, receivership, insolvency, bankruptcy, assignment for the benefit of creditors, reorganization, arrangement, composition or readjustment of, or other similar proceeding affecting Lessee or the disaffirmance of the Lease in any such proceeding.

5. Guarantor shall be subrogated to all rights of CGS against Lessee in respect of any amounts paid by Guarantor pursuant to the provisions of this Guarantee; provided, however, that Guarantor shall not be entitled to enforce, or to receive any payments arising out of or based upon, such right of subrogation until all payments due or to become due under the Lease shall have been made in full.

6. Guarantor may itself at any time make any payment due from Lessee under the Lease, as and when the same shall be due and payable, and any such payment by Guarantor shall, for all purposes of the Lease, be deemed to constitute payment of the same by Lessee.

7. Guarantor represents and warrants that (i) Guarantor is a corporation duly organized, validly existing and in good standing under the laws of its jurisdiction of incorporation; (ii) Guarantor has the power and authority to execute, deliver and perform this Guarantee; (iii) there are no actions, suits or proceedings pending or, to the knowledge of Guarantor, threatened against Guarantor at law or in equity before any court or administrative office or agency which are likely to result in any material adverse change in the business or financial condition of Guarantor or materially adversely affect the ability of Guarantor to carry out its obligations under this Guarantee, and Guarantor is not in default in a manner which is material to this Guarantee under any order, writ, injunction or decree of any court or governmental authority against Guarantor or by which it is bound; (iv) neither the execution, delivery or performance by Guarantor of this Guarantee, nor compliance with the terms and provisions hereof, conflicts or will conflict with or result in a breach or violation of any of the terms, conditions or provisions of its certificate of incorporation, as amended, or by-laws, as amended, or of any law or governmental rule or regulation, or of any order, writ,

injunction or decree of any court or governmental authority against Guarantor or by which Guarantor or any of its properties is bound, or of any indenture, mortgage, contract, or other agreement or instrument to which Guarantor is a party or by which it or any of its properties is bound, or constitute a default thereunder or result in the imposition of any Lien upon any of its properties; (v) no authorization, consent or approval of any governmental authority is required for the execution, delivery or performance by Guarantor of this Guarantee, or if any such authorization, consent or approval is required, such have been obtained and are in full force and effect; and (vi) this Guarantee has been duly authorized, executed and delivered by Guarantor and constitutes the legal, valid and binding obligation of Guarantor, enforceable against Guarantor in accordance with its terms.

8. This Guarantee (i) constitutes the entire agreement, and supersedes all prior agreements and understandings, both written and oral, between the parties with respect to the subject matter hereof; (ii) may be executed in several counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument; (iii) shall inure to the benefit of CGS and its successors and assigns, and shall be binding upon Guarantor and its successors and assigns; (iv) may be modified only by an instrument in writing signed by Guarantor and CGS; and (v) shall in all respects be governed by, and construed in accordance with, the laws of the State of New York.

IN WITNESS WHEREOF, the Guarantor and CGS have caused this Guarantee to be executed and delivered and their corporate seals to be affixed hereto and attested by their duly authorized officers, as of the date first above written.

[Seal] SCHRODER LEASING CORPORATION

Attest:

By_____
Title:

[Seal] CALIFORNIA GROUP SERVICES

Attest:

By_____
Title:

STATE OF)
) ss.:
COUNTY OF)

On this date, _____, 1983, before me personally came _____, to me personally known, who, being duly sworn, did depose and say that he resides at _____; that he is the _____ of _____ the corporation described in and which executed the foregoing instrument; and that he signed his name thereto by authority of the Board of Directors of said corporation.

_____
Notary Public

[Notary Seal]

STATE OF)
) ss.:
COUNTY OF)

On this date, _____, 1983, before me personally came _____, to me personally known, who, being duly sworn, did depose and say that he resides at _____; that he is the _____ of _____ the corporation described in and which executed the foregoing instrument; and that he signed his name thereto by authority of the Board of Directors of said corporation.

_____
Notary Public

[Notary Seal]

ANNEX I

California Group Services, the beneficiary of a Guarantee issued by Schroder Leasing Corporation dated as of January 1, 1983 (the "Guarantee"), hereby demands payment pursuant to the Guarantee in the amount of $_____, and in support of such demand hereby certifies as follows:

(a) California Group Services is the lessor under the Railroad Equipment Lease referred to in the Guarantee (the "Lease") with Greenbrier Leasing Corporation, as lessee (the "Lessee");

(b) The Lessee now owes to California Group Services an amount pursuant to Section _____ of the Lease equal to or greater than the amount indicated in the first paragraph above; and

(c) California Group Services has not received payment from the Lessee or from any other person on behalf of the Lessee in satisfaction of such amount.

CALIFORNIA GROUP SERVICES

By_____
Title:

EXHIBIT D

PARENT GUARANTEE AGREEMENT

Dated as of January 1, 1983,

By

J. HENRY SCHRODER BANK & TRUST COMPANY

In Favor of

CALIFORNIA GROUP SERVICES

---

relating to

360 Reconditioned Railroad Cars

THIS PARENT GUARANTEE AGREEMENT dated as of January 1, 1983 by and between J. HENRY SCHRODER BANK & TRUST COMPANY, a New York banking corporation ("Parent Guarantor"), and CALIFORNIA GROUP SERVICES, a California corporation ("CGS").

WITNESSETH

WHEREAS, CGS is entering into a Railroad Equipment Lease dated as of the date hereof (the "Lease") with Greenbrier Leasing Corporation, a Delaware corporation ("Lessee");

WHEREAS, Lessee has requested Parent Guarantor to provide this Parent Guaranty and has furnished good and valuable consideration therefor to Parent Guarantor, the receipt and adequacy of which is hereby acknowledged by Parent Guarantor; and

WHEREAS, defined terms used herein shall have the meanings set forth in the Lease;

NOW, THEREFORE, in consideration for the execution and delivery of the Finance and Security Agreement, the Lease, and the sale of the Notes by CGS, the Parent Guarantor and CGS covenant and agree as follows:

1. Parent Guarantor hereby unconditionally guarantees to CGS the punctual payment of all payments due from Schroder Leasing Corporation ("Guarantor") to CGS pursuant to the Guarantee Agreement of even date between Guarantor and CGS (the "Guaranty"). In case of the failure of Guarantor to make any such payment, Parent Guarantor hereby agrees to cause such payment to be made punctually upon receipt of a demand and certificate in the form of Annex I, and as if such payment were made by Guarantor.

2. Parent Guarantor hereby agrees that its obligations under this Parent Guaranty shall be (i) unconditional, irrespective of the validity, regularity or enforceability of the Lease or the Guaranty, the absence of any action to enforce the same, the recovery of any judgment against Lessee or Guaranty or any action to enforce the same, or any other circumstance which might otherwise constitute a legal or equitable discharge or defense of a guarantor, and (ii) a guarantee of payment, and not of collection. Parent Guarantor hereby waives diligence, demand of payment, filing of claims with a court in the event of merger or bankruptcy of Lessee or Guarantor, any

right to require a proceeding first against Lessee or Guarantor, notice and all demands except for the demand required by Section 1 and contained in Annex I, with respect to each payment due under the Guaranty, and covenants that this Parent Guaranty will not be discharged except by payment as herein provided and then only to the extent of such payment.

3. Parent Guarantor shall be subrogated to all rights of CGS against Lessee and Guarantor in respect of any amounts paid by Parent Guarantor pursuant to the provisions of this Parent Guaranty; provided, however, that Parent Guarantor shall not be entitled to enforce, or to receive any payments arising out of or based upon, such right of subrogation until all payments due or to become due under the Guarantee shall have been made in full.

4. Parent Guarantor may, at its election, assume the payment obligations of Guarantor under the Guaranty, by notifying CGS of its intent to do so. Such notification shall be by telephone, confirmed in writing. If Parent Guarantor makes the election pursuant to this paragraph, Parent Guarantor will make all payments due to CGS under the Guaranty, when and as due under the Guaranty, without the requirement of a demand by Lessor upon Parent Guarantor, and without the requirement of the submission of Annex I of the Parent Guaranty.

5. Parent Guarantor represents and warrants that (i) Parent Guarantor is a banking corporation duly organized, validly existing and in good standing under the laws of its jurisdiction of incorporation; (ii) Parent Guarantor has the power and authority to execute, deliver and perform this Parent Guaranty; (iii) there are no actions, suits or proceedings pending or, to the knowledge of Parent Guarantor, threatened against Parent Guarantor at law or in equity before any court or administrative office or agency which are likely to result in any material adverse change in the business or financial condition of Parent Guarantor or materially adversely affect the ability of Parent Guarantor to carry out its obligations under this Parent Guaranty, and Parent Guarantor is not in default in a manner which is material to this Parent Guaranty under any order, writ, injunction or decree of any court or governmental authority against Parent Guarantor or by which it is bound; (iv) neither the execution, delivery or performance by Parent Guarantor of this Parent Guaranty, nor compliance with the terms and provisions hereof, conflicts or will conflict with or result in a breach or violation of any of the terms, conditions or provisions of its certificate of incorporation, as amended, or by-laws, as amended, or of any

order, writ, injunction or decree of any court or governmental authority against Parent Guarantor or by which Parent Guarantor or any of its properties is bound, or of any indenture, mortgage, contract, or other agreement or instrument to which Parent Guarantor is a party or by which it or any of its properties is bound, or constitute a default thereunder or result in the imposition of any Lien upon any of its properties; (v) no authorization, consent or approval of any governmental authority is required for the execution, delivery or performance by Parent Guarantor of this Parent Guaranty, or if any such authorization, consent or approval is required, such have been obtained and are in full force and effect; (vi) this Parent Guaranty has been duly authorized, executed and delivered by Parent Guarantor and constitutes the legal, valid and binding obligation of Parent Guarantor, enforceable against Parent Guarantor in accordance with its terms; (vii) the representations and warranties of Guarantor set forth in Section 7 of the Guaranty are true and correct; and (viii) the financial statements of Parent Guarantor heretofore furnished to Lessor and initialled by an executive officer of Guarantor are in accordance with the books and records of Parent Guarantor, were prepared in conformity with generally accepted accounting principles consistently applied and fairly present the financial position of Parent Guarantor on and as of the date thereof and the results of its operations for the periods covered thereby, and since the date of such financial statements, there has been no material adverse change in the financial condition of Parent Guarantor.

6. This Guaranty (i) constitutes the entire agreement, and supersedes all prior agreements and understandings, both written and oral, between the parties with respect to the subject matter hereof; (ii) may be executed in several counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument; (iii) shall inure to the benefit of CGS and its successors and assigns, and shall be binding upon the successors and assigns of the Parent Guarantor; (iv) may be modified only by an instrument in writing; and (v) shall in all respects be governed by, and construed in accordance with, the laws of the State of New York.

IN WITNESS WHEREOF, the Parent Guarantor and CGS have caused this Parent Guaranty to be executed and delivered and their corporate seals to be affixed hereto and

attested by their duly authorized officers, as of the date first above written.

[SEAL]
Attest:

J. HENRY SCHRODER BANK & TRUST COMPANY

By _____

Title: _____

[SEAL]
Attest:

CALIFORNIA GROUP SERVICES

By _____

Title: _____

STATE OF)
) ss.:
COUNTY OF)

On this date _____, 1983, before me personally came _____, to me personally known, who, being duly sworn, did depose and say that he resides at _____; that he is the _____ of _____ the corporation described in and which executed the foregoing instrument; and that he signed his name thereto by authority of the Board of Directors of said corporation.

_____
Notary Public

[Notary Seal]

STATE OF)
) ss.:
COUNTY OF)

On this date _____, 1983, before me personally came _____, to me personally known, who, being duly sworn, did depose and say that he resides at _____; that he is the _____ of _____ the corporation described in and which executed the foregoing instrument; and that he signed his name thereto by authority of the Board of Directors of said corporation.

_____
Notary Public

[Notary Seal]

ANNEX I

California Group Services, the beneficiary of a Parent Guarantee issued by J. Henry Schroder Bank & Trust company dated as of January 1, 1983, hereby demands payment pursuant to such Parent Guaranty in the amount of $_____, and in support of such demand hereby certifies as follows:

(a) California Group Services is the beneficiary of a guaranty from Schroder Leasing Corporation as lessee (the "Guarantor"), dated as of January 1, 1983 (the "Guaranty");

(b) The Guarantor now owes to California Group Services an amount pursuant the Guaranty equal to or greater than the amount indicated in the first paragraph above;

(c) California Group Services has not received payment from any other person on behalf of Guarantor in satisfaction of such amount.

CALIFORNIA GROUP SERVICES

By: _____

Title: _____

JSRD5-Parent/CGS
012582(1)

Exhibit E

DESCRIPTION OF OPINION OF
COUNSEL FOR LESSEE

The opinion of counsel for Lessee, which is to be provided under the Lease on the Document Closing Date shall be dated that date and addressed to Lessor and Lender, shall be satisfactory in form and substance to such parties and shall be to the effect that:

1. Lessee is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware, is duly licensed and qualified as a foreign corporation in good standing in each jurisdiction in which such licensing or qualification is necessary to carry out the terms of the Purchase Agreement, the Reconditioning Agreement and the Lease and has the corporate power and authority to carry on its business as presently conducted, to take and hold property under lease, and to enter into and perform its obligations under the Purchase Agreement, the Reconditioning Agreement and the Lease.

2. The execution, delivery and performance by Lessee of the Purchase Agreement, the Reconditioning Agreement and the Lease have been duly authorized by all necessary corporate action on the part of Lessee.

3. Each of the Purchase Agreement, the Reconditioning Agreement and the Lease has been duly executed and delivered by Lessee and constitutes the legal, valid and binding obligation of Lessee, enforceable against Lessee in accordance with its terms except as such enforcement may be qualified by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights generally and by applicable principles affecting the availability of specific performance and other special or equitable remedies.

4. Neither the execution and delivery of the Purchase Agreement, the Reconditioning Agreement and the Lease by Lessee, nor the consummation by Lessee of the transactions contemplated thereby, nor the performance by Lessee of its obligations thereunder, conflicts or will conflict with, or results or will result in a breach of any of the provisions of, the Certificate of Incorporation or By-Laws of Lessee, or a violation of any Law, judgment, order, decree, rule or regulation presently in effect of any court, administrative

agency or other governmental authority or a breach or default under any other agreement or instrument to which Lessee is a party or to which Lessee, any of its property or the Cars are subject, or by which Lessee, any of its property or the Cars are bound, or results or will result in the imposition of any liens or encumbrances on any of its property.

5. No approval, consent or withholding of objection on the part of, or filing, registration or qualification with, any governmental body, Federal, state or local, is necessary in the Purchase Agreement, the Reconditioning Agreement or the Lease or compliance by Lessee with any of the provisions thereof.

6. There are no proceedings pending or, to the knowledge of such counsel, threatened against or affecting Lessee in any court or before any regulatory commission, board or other governmental administrative agency or authority which, if adversely determined, would have a material adverse effect on its financial condition or on its ability to fulfill its obligations under the Purchase Agreement, the Reconditioning Agreement or the Lease.

7. The Bill of Sale delivered to Lessor pursuant to Purchase Agreement has been duly authorized, executed and delivered by Lessee, in its capacity as seller thereunder, and constitutes the legal, valid and binding obligation of Lessee, enforceable against Lessee in accordance with its terms, except as such terms may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and by applicable principles affecting the availability of specific performance or other special or equitable remedies. Said Bill of Sale is valid and effective to transfer, and does transfer, good title to the Hulks to Lessor free and clear of all liens and encumbrances excepting only the rights of Lessee under the Lease and the rights of the Lender under the Finance Agreement.

8. The Lease has been filed for record or recorded with the Interstate Commerce Commission pursuant to 49 U.S.C., Section 11303 of the Interstate Commerce Act and no other filing, recording or depositing is necessary to protect Lessor's title to the Cars in the United States.

9. The Finance Agreement has been filed for record or recorded with the Interstate Commerce Commission pursuant to 49 U.S.C., Section 11303 of the Interstate Commerce Act and no other filing, recording or depositing is necessary in the United States to perfect the lien and security interest of

Lender under the Finance Agreement as against creditors of and purchasers from Lessor.

With respect to matters of fact upon which such opinion is based, counsel may rely on appropriate certificates of public officials and officers of Lessee.

Exhibit F

DESCRIPTION OF OPINION OF COUNSEL
FOR GUARANTOR AND PARENT GUARANTOR

The opinion of Messrs. Winthrop, Stimson, Putnam & Roberts, counsel for Guarantor and Parent Guarantor, which is to be provided under the Lease on the Document Closing Date shall be dated such date and addressed to Lessor, shall be satisfactory in form and substance to Lessor, and shall be to the effect that:

1. Each of Guarantor and Parent Guarantor is a corporation duly organized, validly existing and in good standing under the laws of its jurisdiction of incorporation.

2. Each of Guarantor and Parent Guarantor has the power and authority to execute, deliver and perform the Guaranty and the Parent Guaranty, respectively.

3. There are no actions, suits or proceedings pending or, to the knowledge of such counsel, threatened against Guarantor or Parent Guarantor at law or in equity before any court or administrative office or agency which are likely to result in any material adverse change in the business or financial condition of Guarantor or Parent Guarantor or materially adversely affect the ability of either Guarantor or Parent Guarantor to carry out its obligations under the Guaranty or the Parent Guaranty, respectively, and neither Guarantor nor Parent Guarantor is in material default under any order, writ, injunction or decree of any court or governmental authority against it or by which it is bound.

4. Neither the execution, delivery or performance by Guarantor of the Guaranty or by Parent Guarantor of the Parent Guaranty, respectively, nor compliance with the terms and provisions thereof, conflicts or will conflict with or result in a breach or violation of any of the terms, conditions or provisions of the certificate of incorporation, as amended, or by-laws, as amended, of Guarantor or Parent Guarantor, respectively, or of any law or governmental rule or regulation, or of any order, writ, injunction or decree of any court or governmental authority against Guarantor or Parent Guarantor or by which either of them or any of their respective properties is bound, or of any indenture, mortgage, contract, or other agreement or instrument to which either of them is a party or by which either of them

or any of their respective properties is bound, or constitute a default thereunder or result in the imposition of any Lien upon any of their respective properties.

5. No authorization, consent or approval of any governmental authority is required for the execution, delivery or performance by Guarantor of the Guaranty or by Parent Guarantor of the Parent Guaranty, or if any such authorization, consent or approval is required, such have been obtained and are in full force and effect.

6. The Guaranty has been duly authorized, executed and delivered by Guarantor and the Parent Guaranty has been duly authorized, executed and delivered by Parent Guarantor, and each thereof constitutes the legal, valid and binding obligation of Guarantor or Parent Guarantor, as the case may be, enforceable against Guarantor and Parent Guarantor in accordance with their respective terms except as such enforcement may be qualified by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights generally and by applicable principles affecting the availability of specific performance and other special or equitable remedies.

With respect to matters of fact upon which such opinion is based, counsel may rely on appropriate certificates of public officials and officers of Guarantor and Parent Guarantor.

Exhibit G

LOSS VALUES

Rent Payment Date:	Percentage of Lessor's Cost of the Cars:
1.	101.946255
2.	101.794405
3.	101.548426
4.	101.301694
5.	101.054256
6.	100.711083
7.	100.365520
8.	100.017587
9.	99.572225
10.	99.122752
11.	98.669155
12.	98.988674
13.	95.034690
14.	94.489714
15.	93.904651
16.	93.313262
17.	92.715497
18.	92.076864
19.	91.431113
20.	90.778181
21.	90.083565
22.	89.380999
23.	88.670410
24.	88.755922
25.	84.574220
26.	83.798130
27.	82.988315
28.	82.168853
29.	81.339645
30.	80.475956
31.	79.601854
32.	78.717226
33.	77.797328
34.	76.866215
35.	75.923762
36.	75.778404
37.	71.369829
38.	70.363616
39.	69.327714
40.	68.278952
41.	67.217182
42.	66.124957

43.	65.019096
44.	63.899439
45.	62.748627
46.	61.583168
47.	60.403191
48.	60.020240
49.	55.379034
50.	54.136980
51.	52.870256
52.	51.587524
53.	50.288588
54.	48.964234
55.	47.623112
56.	46.265016
57.	44.880721
58.	43.478865
59.	42.059234
60.	41.437107
61.	36.631544
62.	35.223369
63.	33.866741
64.	32.493765
65.	31.104256
66.	29.767004
67.	28.414133
68.	27.045476
69.	25.729840
70.	24.399369
71.	23.053913
72.	21.723980

Exhibit H

Rent Payment Date	Column A Equity Portion	Column B Debt Portion	Column C Termination Value
1.	21.012922	80.933333	101.946255
2.	21.584541	80.209864	101.794405
3.	22.070471	79.477955	101.548426
4.	22.564187	78.737507	101.301694
5.	23.065836	77.988420	101.054256
6.	23.480489	77.230594	100.711083
7.	23.901594	76.463926	100.365520
8.	24.329273	75.688314	100.017587
9.	24.668572	74.903653	99.572225
10.	25.012914	74.109838	99.122752
11.	25.362393	73.306762	98.669155
12.	23.079743	72.494316	95.574059
13.	23.362298	71.672392	95.034690
14.	23.648835	70.840879	94.489714
15.	23.904986	69.999665	93.904651
16.	24.164626	69.148636	93.313262
17.	24.427818	68.287679	92.715497
18.	24.660186	67.416678	92.076864
19.	24.895598	66.535515	91.431113
20.	25.134110	65.644071	90.778181
21.	25.341337	64.742228	90.083565
22.	25.551137	63.829862	89.380999
23.	25.763557	62.906853	88.670410
24.	23.368232	61.973075	85.341307
25.	23.545817	61.028403	84.574220
26.	23.725420	60.072710	83.798130
27.	23.882448	59.105867	82.988315
28.	24.041108	58.127745	82.168853
29.	24.201434	57.138211	81.339645
30.	24.338824	56.137132	80.475956
31.	24.477480	55.124374	79.601854
32.	24.617426	54.099800	78.717226
33.	24.734054	53.063274	77.797328
34.	24.851561	52.014654	76.866215
35.	24.969961	50.953801	75.923762
36.	22.483218	49.880570	72.363788
37.	22.575010	48.794819	71.369829
38.	22.667215	47.696401	70.363616
39.	22.742546	46.585168	69.327714
40.	22.817982	45.460970	68.278952
41.	22.893525	44.323657	67.217182
42.	22.951882	43.173075	66.124957
43.	23.010026	42.009070	65.019096
44.	23.067954	40.831485	63.899439

45.	23.108366	39.640161	62.748527
46.	23.148230	38.434938	61.583168
47.	23.187536	37.215655	60.403191
48.	20.623478	35.982146	56.605624
49.	20.644787	34.734247	55.379034
50.	20.665191	33.471789	54.136980
51.	20.675654	32.194602	52.870256
52.	20.685010	30.902514	51.587524
53.	20.693236	29.595352	50.288588
54.	20.691294	28.272940	48.964234
55.	20.688012	26.935100	47.623112
56.	20.683364	25.581652	46.265016
57.	20.668308	24.212413	44.880721
58.	20.651665	22.827200	43.478865
59.	20.633408	21.425826	42.059234
60.	18.014389	20.008103	38.022492
61.	18.057704	18.573840	36.631544
62.	18.100526	17.122843	35.223369
63.	18.211822	15.654919	33.866741
64.	18.323897	14.169868	32.493765
65.	18.436764	12.667492	31.104256
66.	18.619416	11.147588	29.767004
67.	18.804181	09.609952	28.414133
68.	18.991099	08.054377	27.045476
69.	19.249186	06.480654	25.729840
70.	19.510798	04.888571	24.399369
71.	19.776000	03.277913	23.053913
72.	20.075516	01.648464	21.723980

JSRD5/CGS/Exhibit H
020383(2)